SURE GLOBAL TECH COMPANY

(A SAUDI JOINT STOCK COMPANY)

CONSOLIDATED FINANCIAL STATEMENTS AND INDEPENDENT AUDITOR'S REPORT FOR THE YEAR ENDED DECEMBER 31, 2023

SURE GLOBAL TECH COMPANY
(A SAUDI JOINT STOCK COMPANY)

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INDEX **PAGES**

Independent auditor's report	1-3
Consolidated statement of financial position	4
Consolidated statement of comprehensive income	5
Consolidated statement of changes in equity	6
Consolidated statement of cash flows	7
Notes to the consolidated financial statements	8 - 32

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INDEPENDENT AUDITOR'S REPORT

To the shareholders
Sure Global Tech Company
(A Saudi Joint Stock Company)

Opinion

We have audited the consolidated financial statements of **Sure Global Tech Company** ("the Company") and its subsidiaries (collectively referred to as the "Group"), which comprise the consolidated statement of financial position as of December 31, 2023, and the consolidated statement of comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the year then ended, and notes to the consolidated financial statements, including material accounting policies information.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the group as of December 31, 2023, and its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with International Financial Reporting Standards (IFRSs), that are endorsed in 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 (ISA's) that are endorsed in the Kingdom of Saudi Arabia. Our responsibilities under those standards are further described in the *"Auditor's Responsibilities for the Audit of the Consolidated Financial Statements"* section of our report. We are independent of the Group in accordance with the professional code of ethics for Professional Accountants (including International Independence Standards), that are endorsed in the Kingdom of Saudi Arabia that are relevant to our audit of the consolidated financial statements, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key audit matters

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

We have fulfilled the responsibilities described in the Auditor's Responsibilities for the Audit of the Consolidated Financial Statements section of our report, including in relation to these matters. Accordingly, our audit included the performance of procedures designed to respond to our assessment of the risks of material misstatement of the consolidated financial statements. The results of our audit procedures, including the procedures performed to address the matter below, provide the basis for our audit opinion on the accompanying consolidated financial statements.

Key audit matter	How the matter was addressed during our audit
Revenue recognition from contracts with customers	
As disclosed in the consolidated financial statements, revenues for the year ended December 31, 2023 amounted to SR 194,3 million (2022: SR 207,7 million). We considered revenue recognition as a key audit matter because revenue is a Group's performance indicator which gives rise to an inherent risk represented in that revenue may be overstated to meet objectives or expectations.	We have performed the following procedures in this area among others: • Assess the appropriateness of material information on the Group's revenue recognition policy. • Assess the appropriateness of significant accounting judgments taken by management to determine whether a performance obligation is being fulfilled over time or at a point in time, • Evaluate, design and apply relevant control procedures with regard to revenue recognition and operational effectiveness, • Evaluate management's estimates in determining performance obligation in line with the terms and conditions stipulated in contracts with customers. • Examine a sample of revenue transactions and verify supporting documents. • Performed cut-off procedures to ensure that revenues are recorded in the correct period. • Assess the adequacy and appropriateness of consolidated financial statement disclosures in line with the relevant IFRS requirements.
Refer to Note 5 of the consolidated financial statements regarding the material accounting policy information, and Note 22 regarding to the disclosures related to revenues.	

RSM Allied accountants professional services, professional limited liability company registered in kingdom of Saudi Arabia. with paid-up capital of (1,100,000) SAR. (Previously known as Dr.Abdelgadir bannaga & partners Company). Allied Accountants member in RSM International network. RSM is the trading name used by the members of the RSM, each member of the RSM network is an independent accounting and consulting firm each of which practices in its own rights . The RSM network is not itself a separate legal entity in any jurisdiction. the RSM network is administered by RSM International limited, a company registered in England and Wales.
شركة ار اس ام المحاسبون المتحدون للإستشارات المهنية شركة ذات مسؤولية محدودة مهنية. مسجلة في المملكة العربية السعودية. برأس مال (١,١٠٠,٠٠٠) ريال سعودي مدفوع بالكامل والمسماة سابقا بـ "شركة الدكتور عبد القادر باقا وشركاه المحاسبون المتحدون". وهي عضو في الشبكة العالمية RSM
هي العلامة التجارية المستعملة بواسطة كل الأعضاء في مجموعة RSM كل من أعضاء المجموعة هو كيان قانوني مستقل في مجال المحاسبة والاستشارات. شبكة RSM العالمية تدار من قبل RSM العالمية المحدودة وهي شركة مسجلة في بريطانيا وويلز.

INDEPENDENT AUDITOR'S REPORT (CONTINUED)

To the shareholders
Sure Global Tech Company
(A Saudi Joint Stock Company)

Other Matter
The Group's consolidated financial statements for the year ended December 31, 2022 were audited by another auditor, who expressed an unmodified opinion on those consolidated financial statements dated on Ramadan 2, 1444 H (corresponding to March 24 2023).

Other information included in the Group's annual financial report 2023
Management is responsible for the other information. The other information consists of the Group's 2023 annual report, but it does not include the consolidated financial Statements and the auditor's report thereon, which is expected to be made available to us after the date of the independent auditor's report.

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

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

When we read the Group 2023 annual report (when its available), if we conclude that there is a material misstatement therein, we are required to communicate the matter to those charged with governance.

Responsibilities of Management and those Charged with Governance for the Consolidated Financial Statements
Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with IFRSs as endorsed in kingdom of Saudi Arabia and other standers and pronouncement that are endorsed by SOCPA and the regulations for Companies and Company's Bylaws and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.
In preparing the consolidated financial statements, management is responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

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

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements
Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with International Standards on Auditing (ISA's) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.
As part of the audit in accordance with International Standards on Auditing (ISA's) that are endorsed in the Kingdom of Saudi Arabia, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

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

INDEPENDENT AUDITOR'S REPORT (CONTINUED)

To the shareholders of
Sure Global Tech Company
(A Saudi closed Joint Stock Company)

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

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

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

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

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

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

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

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

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

RSM Allied Accountants Professional Services

Mohammed Bin Farhan Bin Nader
License No. 435
Riyadh, Kingdom of Saudi Arabia
Ramadan 11, 1445 H (Corresponding to March 21, 2024)

SURE GLOBAL TECH COMPANY
(A SAUDI JOINT STOCK COMPANY)

CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS OF DECEMBER 31, 2023
(SAUDI RIYAL)

	Notes	2023	2022
ASSETS			
Non-current assets			
Property and equipment	6	**2,185,101**	2,246,431
Intangible assets	7	**4,842,434**	2,866,833
Right of use assets	8	**746,059**	811,122
Financial assets at fair value through other comprehensive income	9	**187,500**	187,500
Investment in associates	10	**12,161,405**	11,304,324
Total non-current assets		**20,122,499**	17,416,210
Current assets			
Prepaid expenses and other debit balances	12	**13,898,050**	6,449,140
Due from related party	13	**1,100,269**	-
Trade receivables and contracts assets	11	**54,809,269**	54,572,035
Cash and cash equivalents	14	**65,630,070**	51,475,504
		135,437,658	112,496,679
Non-current assets held for sale	15	**-**	1,902,150
Total current assets		**135,437,658**	114,398,829
TOTAL ASSETS		**155,560,157**	131,815,039
EQUITY AND LIABILITIES			
EQUITY			
Share capital	16	**76,946,250**	51,297,500
Statutory reserve	21	**5,761,644**	5,761,644
Retained earnings		**31,761,707**	39,001,888
Total equity		**114,469,601**	96,061,032
LIABILITIES			
Non-current liabilities			
Employees' defined benefits obligations	17	**6,226,764**	5,567,122
Lease liabilities – noncurrent portion	8	**730,187**	211,234
Total non-current liabilities		**6,956,951**	5,778,356
Current liabilities			
Lease liabilities – current portion	8	**237,286**	712,594
Contracts liabilities	18	**11,893,520**	9,208,683
Trade payables		**8,260,172**	6,094,695
Accrued expenses and other credit balances	19	**10,310,443**	10,632,159
Zakat and income tax provision	20	**3,432,184**	3,050,279
		34,133,605	29,698,410
Liabilities attributable to non-current assets held for sale	15	**-**	277,241
Total current liabilities		**34,133,605**	29,975,651
TOTAL LIABILITIES		**41,090,556**	35,754,007
TOTAL EQUITY AND LIABILITIES		**155,560,157**	131,815,039

Chairman of Board of Directors

Chief Executive Officer and Managing Director

Finance Manager

شور SURE الإدارة المالية Financial Dep.

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

SURE GLOBAL TECH COMPANY
(A SAUDI JOINT STOCK COMPANY)

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED DECEMBER 31, 2023
(SAUDI RIYAL)

	Notes	2023	2022
Revenues	22	**194,294,143**	207,673,435
Cost of revenues	23	**(137,833,371)**	(156,260,281)
Gross profit		**56,460,772**	51,413,154
General and administrative expenses	24	**(17,949,732)**	(16,990,603)
Selling and marketing expenses	25	**(5,436,801)**	(4,097,340)
Expected credit losses	11	**(2,996,295)**	(3,520,467)
Other income	27	**1,243,195**	15,000
Operating profit		**31,321,139**	26,819,744
Murabaha deposit income	14	**283,094**	-
Finance costs	26	**(266,787)**	(193,755)
Share results from associates	10	**355,952**	180,944
Profit before zakat and income tax		**31,693,398**	26,806,933
Zakat and income tax	20	**(3,019,705)**	(2,730,247)
Net Profit for the year		**28,673,693**	24,076,686
Basic and diluted earnings per share:			
Net profit per share	28	**3,73**	3,13
Other comprehensive income:			
Items that will not be reclassified to profit or loss:			
Re-measurements of employees' defined benefits obligations	17	**14,986**	612,203
Share in other comprehensive loss of investment in associates	10	**(20,610)**	(38,446)
Other comprehensive (loss) / income for the year		**(5,624)**	573,757
Total comprehensive income for the year		**28,668,069**	24,650,443

Chairman of Board of Directors	Chief Executive Officer and Managing Director	Finance Manager

شور SURE الادارة المالية Financial Dep.

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

SURE GLOBAL TECH COMPANY
(A SAUDI JOINT STOCK COMPANY)

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED DECEMBER 31, 2023
(SAUDI RIYAL)

	Share capital	Statutory reserve	Retained earnings	Proposed dividends	Total equity
For the year ended December 31, 2022:					
Balance as of January 1, 2022	51,297,500	3,353,975	21,888,864	5,129,750	81,670,089
Profit for the year	-	-	24,076,686	-	24,076,686
Other comprehensive income for the year	-	-	573,757	-	573,757
Total comprehensive income for the year	-	-	24,650,443	-	24,650,443
Dividends (Note 34)	-	-	(5,129,750)	-	(5,129,750)
Proposed dividends (Note 34)	-	-	-	(5,129,750)	(5,129,750)
Transfer to statutory reserves	-	2,407,669	(2,407,669)	-	-
Balance as of December 31, 2022	51,297,500	5,761,644	39,001,888	-	96,061,032
For the year ended December 31, 2023:					
Balance as of January 1, 2023	**51,297,500**	**5,761,644**	**39,001,888**	**-**	**96,061,032**
Profit for the year	**-**	**-**	**28,673,693**	**-**	**28,673,693**
Other comprehensive loss for the year	**-**	**-**	**(5,624)**	**-**	**(5,624)**
Total comprehensive income for the year	**-**	**-**	**28,668,069**	**-**	**28,668,069**
Dividends (Note 34)	**-**	**-**	**(10,259,500)**	**-**	**(10,259,500)**
Increase of share capital (Note 16)	**25,648,750**	**-**	**(25,648,750)**	**-**	**-**
Balance as of December 31, 2023	**76,946,250**	**5,761,644**	**31,761,707**	**-**	**114,469,601**

Chairman of Board of Directors

Chief Executive Officer
and Managing Director

Finance Manager

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

SURE GLOBAL TECH COMPANY
(A SAUDI JOINT STOCK COMPANY)

CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED DECEMBER 31, 2023
(SAUDI RIYAL)

	2023	2022
OPERATING ACTIVITIES:		
Profit for the year before zakat and income tax	**31,693,398**	26,806,933
Adjustments for non-cash items:		
Depreciation of property and equipment	**861,687**	955,387
Depreciation of right of use assets	**794,474**	719,163
Amortization of intangible assets	**371,871**	661,977
Share of results from associate	**(355,952)**	(180,944)
Impairment in works in progress	**-**	968,000
Gain on disposal of right of use assets	**-**	(55,036)
Expected credit losses	**2,996,295**	3,520,467
Current service cost of employees' defined benefits obligations	**1,896,010**	1,672,859
Finance costs	**266,787**	193,755
Gain from the sale of non-current assets held for sale	**(706,545)**	-
Changes in working capital:		
Prepaid expenses and other debit balances	**(7,448,910)**	2,938,157
Trade receivables and contracts assets	**(3,233,529)**	(6,300,080)
Due from related party	**(56,791)**	785,330
Trade payables	**2,165,477**	(1,027,779)
Accrued expenses and other credit balances	**(598,957)**	(2,581,833)
Contracts liabilities	**2,684,837**	9,208,683
Cash flows from operations	**31,330,152**	38,285,039
Zakat and income tax paid	**(2,637,800)**	(1,923,475)
Employees' defined benefits obligations paid	**(1,439,513)**	(1,061,440)
Net cash flows from operating activities	**27,252,839**	35,300,124
INVESTING ACTIVITIES:		
Additions on property and equipment	**(800,357)**	(750,589)
Additions on intangible assets	**(2,347,472)**	-
Additions on investment in associates	**-**	(1,636,800)
Proceeds from disposal of non-current assets held for sale	**1,043,478**	-
Net cash flows used in investing activities	**(2,104,351)**	(2,387,389)
FINANCING ACTIVITIES:		
Lease liabilities paid	**(734,422)**	(777,297)
Change in bank facilities	**-**	(1,038,594)
Dividends paid	**(10,259,500)**	(10,259,500)
Net cash flows used in financing activities	**(10,993,922)**	(12,075,391)
Net change in cash and cash equivalents	**14,154,566**	20,837,344
Cash and cash equivalents at the beginning of the year	**51,475,504**	30,638,160
Cash and cash equivalents at the end of the year	**65,630,070**	51,475,504
Non-cash transactions:		
Addition to investment in associate companies (Note 10)	**521,739**	-
Intangible assets transferred to non-current assets held for sale (Note 7)	**-**	1,902,150
Additions to right of use assets against lease liabilities (Note 8)	**729,411**	944,933
Increase of share capital through retained earnings (note 16)	**(25,648,750)**	-
Amounts not collected from the disposal of non-current assets held for sale	**1,043,478**	

Chairman of Board of Directors | Chief Executive Officer and Managing Director | Finance Manager

شور SURE الادارة المالية Financial Dep.

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

1- GROUP INFORMATION

Sure Global tech Company (the "Company") is a Saudi joint stock company registered in the Kingdom of Saudi Arabia under Commercial Registration No. 1010224037 issued in Riyadh on Ramadan 16, 1427 corresponding to October 9, 2006.

The company's registered address is P.O. 301334, Imam Saud Bin Abdulaziz Bin Muhammad Road - Riyadh - Kingdom of Saudi Arabia.

The company's main activities are providing technical, administrative and human resources consultations, projects' management, computer services, applied systems, developing websites and analyzing, developing and installing systems, providing integrated solutions to the information technology systems, insuring and securing networks, trade in computers and their accessories, maintenance and spare parts.

The consolidated financial statements include the Company's accounts and the branch set out below:

Commercial registration number	Commercial Name	City	Commercial registration Date	Activity
1010691076	Takid Commercial Services Co.	Riyadh	Rajab 17,1442 H	installation of TV, satellites, computers and telecommunications networks

The consolidated financial statements include the Company's accounts and its subsidiaries (together referred to as the "Group"). The below subsidiaries are limited liability companies registered in the Kingdom of Saudi Arabia and the Arab Republic of Egypt.

Subsidiary Name	Effective ownership percentage		Activity
	December 31,2023	December 31,2022	
Sure Innovative for Information TECH Company * - (Saudi)	**100%**	100%	Computer consulting experience activities and computer facilities Management.
SGT for Digital Solutions - (Egypt) **	**100%**	100%	Characterization, analysis and design of software, databases and applications in all types.

* Sure Innovative for Information Technology Company has not practiced any activity since the date of its establishment Ramadan 9, 1440 corresponding to (May 14, 2019).

** The company's branch in the Arab Republic of Egypt was transformed from a representative office to a limited liability company.

2- BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS

2-1 Statement of compliance

The accompanying consolidated financial statements have been prepared in accordance with the International Financial Reporting Standards (IFRS's) that are endorsed in the Kingdom of Saudi Arabia, and other standards and pronouncement issued by the Saudi Organization for Chartered and Professional Accountants ("SOCPA").

The new Companies Law issued through Royal Decree M/132 on 1/12/1443H (corresponding to 30 June 2022) (hereinafter referred as "the Law") came into force on 26/6/1444 H (corresponding to 19 January 2023). For certain provisions of the Law, full compliance is expected not later than two years from 26/6/1444H (corresponding to 19 January 2023). The Group has amended its bylaw to complay with the new Companies Law. The Group will present the future objective of the statutory reserve to the shareholders at the General Assembly meeting to take the appropriate decision thereon.

2-2 Basis of measurement

These consolidated financial statements have been prepared on a historical cost basis except where International Financial Reporting Standards requires the use of another measurement basis, as set out in material accounting policies information applied in Note (5). In addition, these consolidated financial statements are prepared using an accrual basis of accounting.

2.3 Functional and presentation currency

These consolidated financial statements are presented in Saudi Riyals, unless otherwise indicated. The Saudi Riyal is the functional currency and offer currency of the Group.

2- BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

2-4 Going concern

These consolidated financial statements have been prepared on a going concern basis. In assessing the going concern assumption, the management has considered the current and expected operational levels and available facilities to meet the requirements once due.

2.5 Basis of consolidation

The consolidated financial statements incorporate the financial statements of the Company and entities controlled by the Company at the reporting date.

Control is achieved when the Group:

- Has power over the investee;
- Is exposed, or has rights, to variable returns from its involvement with the investee; and
- Has the ability to use its power to affect its returns.

The Group reassesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control listed above.

When the Group has less than a majority of the voting rights of an investee, it has power over the investee when the voting rights are sufficient to give it the practical ability to direct the relevant activities of the investee unilaterally. The Group considers all relevant facts and circumstances in assessing whether or not the Company's voting rights in an investee are sufficient to give it power, including:

- The size of the Group's holding of voting rights relative to the size and dispersion of holdings of the other vote holders;
- Potential voting rights held by the Group, other vote holders or other parties;
- Rights arising from other contractual arrangements; and
- Any additional facts and circumstances that indicate that the Group has, or does not have, the current ability to direct the relevant activities at the time that decisions need to be made, including voting patterns at previous stakeholders' meetings.

The process of consolidation financial statements of a subsidiary begins when the group gains control over the subsidiary and stops when the group loses control of the subsidiary. In particular, the revenues and expenses of a subsidiary acquired, disposed of or sold during the year are included in the consolidated statement of comprehensive income from the date the Group obtains control until the date that the Group ceases to control the subsidiary. A change in the ownership interest of a subsidiary, without a loss of control, is recorded in the statement of changes in equity. Profit or loss and each component of other comprehensive income are attributed to the owners of the Company and to the non-controlling interests. Total comprehensive income of subsidiaries is attributed to the owners of the Company and to the non-controlling interests even if this results in the non-controlling interests having a deficit balance.

If the Company loses control over its subsidiary, it derecognizes the related assets (including goodwill), liabilities, non-controlling interests and other components of equity, while any resultant gain or loss is recognized in profit or loss. When necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies into line with the Group accounting policies. All intergroup assets and liabilities, equity, revenues, expenses and cash flows relating to transactions between members of the Group are eliminated in full on consolidation.

2-6 Business combinations and goodwill

The acquisition method of accounting is used to account for the acquisition of subsidiaries. The cost of an acquisition is measured as the fair value of the asset given or liabilities incurred or assumed at the date of acquisition, plus costs directly attributable to the acquisition. The excess of the cost of acquisition over the fair value of the Group's share of the net identifiable assets acquired and liabilities assumed is recorded as goodwill. Goodwill is tested annually for impairment and carried at cost, net of impairment losses, if any. Acquisition-related costs are expensed as incurred and included in administrative expenses. When the Group acquires a business, it assesses the financial assets and liabilities assumed for appropriate classification and designation in accordance with the contractual terms, economic circumstances and pertinent conditions as at the acquisition date. This includes the separation of embedded derivatives in host contracts by the acquire.

Any contingent consideration to be transferred by the acquirer is recognized at fair value at the acquisition date. All contingent consideration (except that which is classified as equity) is measured at fair value with the changes in fair value in profit or loss. Contingent consideration that is classified as equity is not remeasured and subsequent settlement is accounted for within equity.

2- BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

2-6 Business combinations and goodwill (CONTINUED)

Goodwill is initially measured as the excess of the cost of the acquisition over the fair value of the Group's share of the net identifiable assets acquired and liabilities assumed. If the fair value of the net assets acquired is in excess of the aggregate consideration transferred, the Group re-assesses whether it has correctly identified all of the assets acquired and all of the liabilities assumed, and reviews the procedures used to measure the amounts to be recognized at the acquisition date. If the reassessment still results in an excess of the fair value of net assets acquired over the aggregate consideration transferred, then the gain is recognized in the consolidated statement of comprehensive income as a bargain purchase gain. After initial recognition, goodwill is measured at cost less any accumulated impairment losses. For the purpose of impairment testing, goodwill acquired in a business combination is, from the acquisition date, allocated to each of the Group's cash-generating units ("CGUs") that are expected to benefit from the combination, irrespective of whether other assets or liabilities of the acquire are assigned to those units.

Where goodwill has been allocated to a CGU and part of the operation within that unit is disposed of, the goodwill associated with the disposed operation is included in the carrying amount of the operation when determining the gain or loss on disposal of the operation. Goodwill disposed of in these circumstances is measured based on the relative values of the disposed operation and the portion of the CGU retained.

3- ACCOUNTING JUDGMENTS, ESTIMATES AND ASSUMPTIONS

The preparation of the Group's consolidated financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts of revenues, expenses and assets and liabilities. Actual results may differ from these estimates. Estimates and assumptions are constantly reviewed. Adjustments to accounting estimates are included in the year in which the estimates are adjusted and in subsequent years affected by the adjustment.

Uncertain assumptions and estimates

Below are the basic assumptions related to the future and other main sources of uncertainty in estimates at the date of preparing the consolidated financial statements, which have a significant impact that leads to a material adjustment to the book value of assets and liabilities during the next financial year. The group made assumptions and estimates based on the indicators available at the date of preparing the consolidated financial statements. However, existing circumstances and assumptions regarding future developments may change as a result of changes in the market or circumstances outside the Group's control.

Discounted rental payments

The Group's management uses estimates in determining the additional borrowing rate in calculating the present value of the minimum lease payments, as well as the expected lease term in the case of extension options.

Impairment in the value of trade receivables and contract assets

The Group uses a matrix to calculate expected credit losses for trade receivables and contract assets. Loss ratios are based on days since maturity for groups of different customer segments with similar loss patterns (i.e. by type of customer or coverage by guarantees and other forms of credit insurance).

The loss matrix is initially based on the Group's historical default rates, and the loss calculation reflects probability weights related to outcomes, the time value of money, and reasonable information at the reporting date about past events and future economic conditions. At each financial reporting date, the default rates are updated and changes in future estimates are analyzed.

The relationship between observed historical default rates, expected economic conditions and expected credit losses is a significant estimate. Expected credit losses are sensitive to changes in economic conditions and expectations. The Group's historical credit loss experience and its expectations of economic conditions may also not reflect actual customer defaults in the future

Uncertain zakat and tax positions

The current zakat and income tax due to the Group relates to management's assessment of the amount of zakat and income tax due on the open zakat and tax assessments, as the Group must still agree with the Zakat, Tax and Customs Authority and other authorities in the country in which the foreign subsidiaries were established on the amounts of the final obligations. Due to the uncertainty associated with these zakat and tax items, it is possible that the final result will differ significantly when the final assessment is issued by the Zakat, Tax and Customs Authority or other authorities in future periods.

3- ACCOUNTING JUDGMENTS, ESTIMATES AND ASSUMPTIONS (CONTINUED)

Annual impairment testing of goodwill
The Group's management tests whether goodwill has suffered any impairment at least on an annual basis. This requires an estimation of recoverable amounts of the CGU to which the goodwill is allocated. The recoverable amount is most sensitive to the discount rate used for the discounted cash flow model as well as the expected future cash inflows and the growth rate used for extrapolation purposes.

4- NEW STANDARDS, AMENDMENTS TO STANDARDS AND INTERPRETATIONS:

4.1 New standards and interpretations:
The Group has adopted the following new standards and amendments for the first time that are effective from 1 January 2023:

4.1.1 Amendments to IAS 1 and IFRS Practice Statement 2 "Disclosure of Accounting Policies"
The amendments require that an entity discloses its material accounting policies, instead of its significant accounting policies.

4.1.2 Amendments to IAS 8 "Definition of Accounting Estimates"
The amendments replace the definition of a change in accounting estimates with a definition of accounting estimates. Under the new definition, accounting estimates are "monetary amounts in consolidated financial statements that are subject to measurement uncertainty". Entities develop accounting estimates if accounting policies require items in consolidated financial statements to be measured in a way that involves measurement uncertainty. The amendments clarify that a change in accounting estimate that results from new information or new developments is not the correction of an error.

4.1.3 Amendments to IAS 12 "Deferred Tax related to Assets and Liabilities arising from a Single Transaction"
The amendments clarify that the initial recognition exemption does not apply to transactions in which equal amounts of deductible and taxable temporary differences arise on initial recognition.

The adoption of above amendments does not have any material impact on the consolidated financial statements during the year.

4.2 Standards issued but not yet effective
Following are the new standards and amendments to standards which are effective for annual periods beginning on or after January 1, 2024 and earlier application is permitted; however, the Group has not early adopted them in preparing these consolidated financial statements.

4.2.1 IFRS S1 "General Requirements for Disclosure of Sustainability-related Financial Information"
IFRS S1 sets out overall requirements for sustainability-related financial disclosures with the objective to require an entity to disclose information about its sustainability-related risks and opportunities that is useful to primary users of general-purpose financial reports in making decisions relating to providing resources to the entity.

4.2.2 IFRS S2 "Climate-related Disclosures"
IFRS S2 sets out the requirements for identifying, measuring and disclosing information about climate-related risks and opportunities that is useful to primary users of general-purpose financial reports in making decisions relating to providing resources to the entity.

4.2.3 Amendments to IAS 1 "Classification of Liabilities as Current or Non-Current" and "Non-current Liabilities with Covenants"
The amendments aim to promote consistency in applying the requirements by helping companies determine whether, in the consolidated statement of financial position, debt and other liabilities with an uncertain settlement date should be classified as current (due or potentially due to be settled within one year) or non-current. The amendment also clarifies how conditions with which an entity must comply within twelve months after the reporting period affect the classification of a liability.

4- NEW STANDARDS, AMENDMENTS TO STANDARDS AND INTERPRETATIONS (CONTINUED):

4.2 Standards issued but not yet effective (Continued)

4.2.4 Amendments to IFRS 16 "Lease Liability in a Sale and Leaseback"
The amendment clarifies how a seller-lessee subsequently measures sale and leaseback transactions that satisfy the requirements in IFRS 15 to be accounted for as a sale.

4.2.5 Amendments to IAS 7 and IFRS 7 "Supplier Finance Arrangements"
The amendments add disclosure requirements, and 'signposts' within existing disclosure requirements, that ask entities to provide qualitative and quantitative information about supplier finance arrangements.

4.2.6 Amendments to IAS 21 "Lack of Exchangeability"
The amendments contain guidance to specify when a currency is exchangeable and how to determine the exchange rate when it is not.

5- MATERIAL ACCOUNTING POLICIES INFORMATION

The following is a summary of material accounting policies information applied by Group in preparing these consolidated financial statements:

Current / Non-current assets and liabilities Classification
The Group presents assets and liabilities in the consolidated statement of financial position based on current/non-current classification.
An asset is classified as current when it is:
- expected to be realized or intended to sold or consumed in the normal operating cycle;
- held primarily for the purpose of trading;
- expected to be realized within twelve months after the date of the consolidated statement of financial position; or
- cash or cash equivalent unless restricted from being exchanged or used to settle a liability for at least twelve months from the date of the consolidated statement of financial position.

All other assets are classified as non-current.
A liability is current when:
- it is expected to be settled in the normal operating cycle;
- it is held primarily for the purpose of trading;
- it is due to be settled within 12 months after the date of the consolidated statement of financial position.; or
- That there is no unconditional right to defer the settlement of the liability for at least twelve months after the date of the consolidated statement of financial position.

All other liabilities are classified as non-current liabilities.

Fair Value Measurement
The Group measures financial instruments, such as financial derivatives, at fair value at each consolidated statement of financial position date.
Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either:
- In the principal market for the asset or liability; or
- In the absence of a principal market, in the most advantageous market for the asset or liability.

The principal or the most advantageous market must be accessible by the Group.
The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest.
A fair value measurement of a non-financial asset takes into account a market participant's ability to generate economic benefits from the asset's highest and best use or by selling it to another market participant that would utilize the asset in its highest and best use.
The Group uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximizing the use of relevant observable inputs and minimizing the use of unobservable inputs. All assets and liabilities for which fair value is measured or disclosed in the consolidated financial statements are categorized within the fair value hierarchy. This is described, as follows, based on the lowest level input that is significant to the fair value measurement as a whole:
- Level 1: Quoted (unadjusted) market prices in active markets for identical assets or liabilities
- Level 2: Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable
- Level 3: Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable.

5- MATERIAL ACCOUNTING POLICIES INFORMATION (CONTINUED)

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

Property and equipment
Property and equipment are recorded at cost less accumulated depreciation and/or accumulated impairment losses, if any. Land and projects under construction are not depreciated. The cost includes the cost of the replaced portion of property and equipment. When significant parts of property, plant and equipment are replaced at certain intervals, the Group recognizes those parts as individual assets with a finite useful life and depreciation. All other repair and maintenance costs are recognized in the statement of comprehensive income when incurred. Depreciation is calculated using the straight-line method based on the estimated useful life of the assets at the following annual depreciation rates:

Item	Useful life (in years)
Furniture and fixtures	10
Computer devices	5
Electrical devices	4
Leasehold improvement	4 or lease term, whichever is shorter

An item of property and equipment is derecognized upon disposal or when no future economic benefits are expected from its use. Any gain or loss arising on de-recognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in the consolidated statement of income in the period when the asset is derecognized.
The residual value and useful life and depreciation methods of property and equipment are reviewed at the end of each financial year and adjustments are made on a future basis, if required.

Intangible assets
Intangible assets acquired separately are measured on initial recognition at cost. The cost of intangible assets acquired in a business combination is their fair value at the date of acquisition. Following initial recognition, intangible assets are carried at cost less any accumulated amortization and accumulated impairment losses. Internally generated intangibles, excluding capitalized development costs, are not capitalized and the related expenditure is reflected in consolidated statement of income in the period in which the expenditure is incurred.
The useful lives of intangible assets are assessed as either finite or indefinite. Intangible assets with finite lives are amortized over the 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 an intangible asset with a finite useful life are reviewed at least at the end of each reporting period. Changes in the expected useful life or the expected pattern of consumption of future economic benefits embodied in the asset are considered to modify 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 the consolidated statement of income under general and administration expenses.
Amortization is calculated from the date the when the intangible assets are available for its intended use. It is calculated on a straight-line basis over the useful life of the asset as follows:

Item	Useful life (in years)
Computer programs	10

Intangible assets with indefinite useful lives are not amortized, but are tested for impairment annually, either individually or at the cash-generating unit 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.

An intangible asset is derecognized upon disposal (i.e., at the date the recipient obtains control) or when no future economic benefits are expected from its use or disposal. Any gain or loss arising upon derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in the consolidated statement of comprehensive income.

5- MATERIAL ACCOUNTING POLICIES INFORMATION (CONTINUED)

Leases

The determination of whether an agreement constitutes or contains a lease depends on the substance of the agreement at its inception date. The agreement represents or includes a lease if its fulfillment depends on the use of a specific asset or assets, or that the agreement grants the right to use a specific asset or assets even if this right is not expressly stated in the contract.

- **Group as a lessee**

The lease is recognized as a right-of-use asset with its corresponding obligations on the date that the leased asset is ready for use by the Group. Each lease payment is allocated between the obligation and the financing cost.
The finance cost is recognized in the consolidated statement of comprehensive income over the lease term. Right-of-use assets are depreciated over the useful life of the asset and the lease term, whichever is shorter, and on a straight-line basis.
Right-of-use assets are initially measured at cost and consist of the following:
- The initial measurement amount of the lease obligation,
- Any lease payments made on or before the lease commencement date minus any lease incentives received,
- Any initial direct costs, and
- Recovery costs, when applicable.

- **Finance lease contracts**

On the inception date of the lease, the Group records the lease obligations measured at the present value of the lease payments made over the term of the lease. Lease payments include fixed payments (including substantially fixed payments) less any lease incentives receivable and variable rent payments based on an index or rate, and amounts expected to be paid under residual value guarantees.

- **Short-term leases and impaired lease contracts**

Short-term leases are contracts with a lease term of 12 months or less. Impaired assets are items that do not meet the Group's capitalization limits and are not material to the Group's consolidated statement of financial position as a whole. Payments for short-term lease contracts and lease contracts with low value assets are recognized on a straight-line basis in the consolidated statement of comprehensive income.

Impairment of non- financial assets

The Group assesses at the date of preparing the consolidated financial statements whether there is an indication that the value of an asset may be impaired. If any such indication exists, or when annual impairment testing for an asset is required, the Group estimates the asset's recoverable amount. The recoverable amount of an asset is the fair value of the asset or cash-generating unit (CGU) less cost to sell or the value in use of the asset, which is higher. It is specified for a single asset unless the asset generates cash flows that are not significant independent of the flows generated by other assets or group of assets and the carrying amount of an asset or cash-generating unit exceeds (CGU) its recoverable amount, the value of the asset must be decreased to its recoverable amount. In determining value in use, the future cash flows deducted to their present value using a pre-tax discount rate that reflects market assessments of the time value of money and the risks related to the asset.

In determining fair value less costs to sell, new market transactions are considered, when available, or an appropriate valuation model is used. These values are verified by comparing them with the valuation multiples and the prices of the listed shares of the subsidiaries offered for public trading or through any other fair value indicators.
In calculating impairment, the Group relies on detailed budgets and discretionary accounts that are prepared separately for each cash-generating unit (CGU) of the Group to which the individual assets are allocated. These detailed budgets and discretionary accounts usually cover five years. To cover longer periods, a long-term growth rate is calculated and applied to the project's future cash flows after the fifth year.
Impairment losses from continuing operations are recognized in the consolidated statement of comprehensive income within the expenses appropriate to the function of the assets that have impaired.
An assessment is made at each reporting date to determine whether there is any indication that previously recognized impairment losses for non-financial assets, other than goodwill, no longer exist or have decreased. The reversal of the impairment loss is recognized in the consolidated statement of comprehensive income.

5- MATERIAL ACCOUNTING POLICIES INFORMATION (CONTINUED)

Investments in associates
An associate is one in which the Group owns a long-term investment of 20% to 50% of the voting capital and exerts significant influence over it.

Investments in associates are accounted for in accordance with the equity method, whereby the consolidated financial statements include an appropriate share of the results, reserves and retained earnings of the entities after purchase based on their most recent audited financial statements. In cases where the Group is no longer able to exercise practical control or significant influence on the financial and operational policies of the investee Group, such investments are charged at cost.

The equity method is discontinued if the value of the investment becomes zero as a result of ongoing losses in the subsidiary and associate (unless the Group is a guarantor of the obligations of the enterprises or is obligated to provide additional financial support to them). The application of the equity method is resumed if the enterprises subsequently achieve net profits equal to net losses during the period of cessation of the application of equity.

Financial assets
Initial recognition and measurement
Financial assets are classified on initial recognition as being subsequently measured at amortized cost, at fair value through other comprehensive income, or at fair value through profit or loss.
All financial assets are recognized on initial recognition at fair value plus transaction costs, unless the financial assets are recorded at fair value through profit or loss.

Subsequent measurement
The measurement of financial assets depends on their classification, as described below:

Financial Assets at Amortized Cost
After initial measurement, those financial assets are measured at amortized value using the effective interest rate method and are subject to impairment. Gains or losses are recognized in the consolidated statement of comprehensive income when the asset is disposed of, or modifications are made, or impairment on value.
Financial assets at amortized cost in the Group consist of cash and cash equivalents, trade receivables and contract assets.

Financial assets at fair value through other comprehensive income
Financial assets that are held within a different business model other than "hold for collection" or "hold for collection and sale" and financial assets whose contractual cash flows are not limited to payments of principal and interest accrued are measured at fair value through other comprehensive income.
The fair value of financial assets in this category is determined by reference to active market transactions or by using a valuation technique when there is no active market.

Derecognition of financial asset
Financial asset is derecognised only when:
- Contractual rights in the cash flows of a financial asset expire; or
- The Group has transferred its rights to receive cash flows from the asset or has committed to pay the cash flows in full without delay to a third party through a "transfer" agreement, and whether (a) the Group has transferred substantially all the risks and rewards of the asset or (b) the Group has neither transferred nor retained a substantially all the risks and rewards of the asset, but it has transferred its right to control it.

If the Group has transferred its rights to receive cash flows from an asset or has entered into a transfer agreement, it assesses to what extent it retains the risks and rewards associated with the asset.
An asset is recognized to the extent that the Group's relationship with it continues if it has neither transferred nor retained all the risks and benefits associated with the asset nor transferred its right to control it.
In that case, the Group also recognize the liabilities related to that assets. The transferred asset related liabilities are measured on a basis that reflects the rights and obligations that the Group has recognized.
Continuing relationship that takes the form of a guarantee over the transferred asset is measured at the lower of the original carrying amount of the asset and the maximum amount that the Group can be required to repay.

5- MATERIAL ACCOUNTING POLICIES INFORMATION (CONTINUED)

Financial assets (Continued)

Impairment in the value of financial assets
The Group recognizes an allowance for expected credit losses for all debt instruments not carried at fair value through the consolidated statement of comprehensive income.
The provision for expected credit losses is recognized in two stages. For a credit exposure that has not experienced a significant increase in credit risk since initial recognition, ECLs are recognized for the credit risk arising from a potential default within 12 months (12-month expected credit losses). For a credit exposure that has experienced a significant increase in credit risk since the initial recognition, an allowance for expected credit losses must be recognized over the remaining life of the exposure, regardless of the timing of default (lifetime expected credit losses).
For trade debtors, the Group applies a simplified approach to the calculation of expected credit losses. Therefore, the Group has used a provision matrix that is based on its historical experience of credit losses, which has been adjusted for future factors specific to the debtors and the economic environment.

Financial liabilities
Initial recognition and measurement
Financial liabilities are classified on initial recognition, as financial liabilities at fair value through profit or loss, or loans and payables, or as financial derivatives that are used as hedging instruments for covering risks.
All financial liabilities are initially recognized at fair value and in the case of loans, payables and account payables, net of directly attributable transaction costs.

Subsequent measurement
The subsequent measurement of financial liabilities depends on their classification as follows:

Loans and advances
After initial recognition, loans and advances are measured at amortized cost using the effective interest rate method. The gain or loss is recognized in the consolidated statement of comprehensive income when the obligations are derecognised, as well as through the process of amortizing the effective interest rate.

Derecognition of financial liabilities
Financial obligations are derecognised when the obligation is paid, canceled or the obligation under the contract expires.

Offsetting of financial instruments
Financial assets and financial liabilities are offset, and the net amount is reported in the consolidated financial statements, when the Group has a legally enforceable right to offset the recognized amounts and the Group intends either to settle on net basis, or to realize the assets and to settle the liabilities simultaneously.

Prepaid expenses and other debit balances
Prepaid expenses and other debit balances are recognized with the amounts paid to the service providers against services that will be received in the future, or amounts paid to external parties and will be refunded in the future.

Transactions with related parties
Transactions with related parties represent transfer of resources, services, or obligations between related parties. Terms and conditions related to related party transactions are approved by management.

Trade receivables
Accounts receivable represent the Group's right to the unconditional consideration amount (ie, the maturity of the consideration depends on the passage of time). See the accounting policy for financial assets.

Contracts assets and liabilities
When one of the contracts' party perform, the entity is required to display the contract in the consolidated statement of financial position as contract assets or contract liabilities based on the relationship between the entity's performance and the customer's payment. Contract assets represent the entity's right to compensation for services transferred by the entity to the customer. Contract liabilities represent the entity's obligation to transfer the services to the customer, for which the entity received compensation (or is due) from the customer

5- MATERIAL ACCOUNTING POLICIES INFORMATION (CONTINUED)

Cash and cash equivalents
Cash and bank equivalents in the consolidated statement of financial position comprise of cash at banks.

Murabaha time deposits
Murabaha time deposits represents deposits with local commercial banks having a maturity of more than three months from the date of acquisition and expected to be realized within one year from the date of the reporting period.

Provisions - general
Provisions are recognized when the Group has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. Where the Group expects some or all of a provision to be reimbursed, for example under an insurance contract, the reimbursement is recognized as a separate asset but only when the reimbursement is virtually certain. The expense relating to a provision is presented in the consolidated statement of comprehensive income net of any reimbursement. If the effect of the time value of money is material, provisions are discounted using a current pre-tax rate that reflects, when appropriate, the risks specific to the liability. When discounting is used, the increase in the provision due to the passage of time is recognized as a finance cost.

Foreign currencies – Transactions and balances
Transactions in foreign currencies are initially recorded at the functional currency rate ruling at the date that the transaction qualifies for recognition. Monetary assets and liabilities denominated in foreign currencies are retranslated into the functional currency at the rate ruling at the date of the consolidated financial statements. All differences arising from settlement or transactions on monetary items are recorded on consolidated statement of comprehensive income. Non-monetary items that are measured in terms of historical cost in a foreign currency are translated primarily at the exchange rate ruling at the dates of the transactions. Non-monetary items in a foreign currency that are measured at fair value are translated at the currency rate ruling at the date when their fair value was determined. Gains or losses arising from the translation of non-monetary items measured at fair value are treated in line with the recognition of gains and losses arising from a change in the fair value of that item. Translation differences for items whose fair value gains and losses are recognized in the consolidated statement of other comprehensive income is recognized in consolidated other comprehensive income, and items whose fair value gains and losses are recognized in consolidated comprehensive income are recognized in consolidated comprehensive income.

Employees' defined benefits obligation
The employees benefit obligations were measured using the projected unit credit method.
Remeasurement, which consists of actuarial gains and losses, is recognized immediately in the consolidated statement of financial position and in retained earnings through other comprehensive income in the period in which it occurs. Remeasurement is not reclassified to the consolidated statement of comprehensive income in subsequent periods.
End of service payments are based primarily on employees' final salaries, allowances and cumulative years of service, as described in the Saudi Arabian Labor Law.

Trade payables
These amounts represent liabilities related to goods and services provided to the Group before the end of the financial year that have not been paid, and are considered unsecured. Trade payables are presented as current liabilities unless payment is not due within 12 months after the consolidated statement of financial position date, and are initially recognized at their fair value and subsequently measured at amortized cost using the effective interest method.

Accrued expenses and other credit balances
Accrued expenses and other credit balances are obligations to pay for goods or services that have been received or provided, whether submitting bills or formally agreed upon with the supplier or not.

5- MATERIAL ACCOUNTING POLICIES INFORMATION (CONTINUED)

Zakat provision
Zakat provision is calculated in accordance with the regulations of the Zakat, tax and customs authority (ZATCA). The zakat provision is recorded at the end of the financial year within the items of consolidated statement of comprehensive income, and the differences resulting from the final assessment are recognized within the same item in the year in which the zakat assessment is approved.

Provision for income tax due
Foreign subsidiaries are subject to tax regulations in the country in which that company was established, and the amount of income tax due is charged to the statement of comprehensive income in that foreign subsidiary.

Value added tax
Revenues, expenses and assets are recognized net of the amount of value added tax, except:
- Where the value added tax incurred on a purchase of assets or services is not recoverable from the taxation authority, in which case, the value added tax is recognized as part of the cost of acquisition of the asset or as part of the expense item, as applicable.
- Trade receivables and trade payables are stated with the amount of value added tax included.

The net amount of value added tax recoverable from, or payable to, the taxation authority is included as part of other account receivables or other account payables in the consolidated statement of financial position.

Revenue recognition
Primarily revenue is generated from contracts with customers. The Group records its revenues according to the following sequence:
- Determine the contract with the client.
- Determining performance obligations in the contract.
- Determine the contract price.
- Allocating the contract price to the performance obligations.
- Recording revenue when fulfilling performance obligations

The Group fulfills the performance obligation and recognizes revenues over time period if one of the following criteria is identified:
A. The Group's performance obligation is not an asset that has an alternative use to the Group, and the Group has the right to collect the amount for performance completed to date.
B. The group's performance obligation results in the creation or improvement of an asset that the customer controls as a created or improved asset.
C. The customer simultaneously receives and consumes the benefits provided by the group's performance when the group performs its work.

For performance obligations where none of the above conditions are met, revenue is recognized in the time period in which the performance obligation is satisfied.

Infrastructure revenues
The Group provides infrastructure services, which include the sale of licenses and devices. Revenues are recognized at a certain point in time when the customer gains control over the licenses and devices, and it is likely that the compensation due will be recovered. The related costs and the probability of recovering the licenses and devices can be estimated reliably, and there is no longer any ongoing interference. From the group regarding licenses and equipment and the amount of revenue can be measured reliably. Revenue is measured net of returns, trade discounts and quantity discounts.

Managed services revenue
The Group offers managed services contracts to its clients. Which generally extends over several years. Revenues from managed services contracts include the provision of manpower to maintain the customer's IT infrastructure and the provision of information technology and related consumables to operate and maintain the customer's IT infrastructure during the term of the contract. Managed services revenues are recognized over a period of time during the contract term as the services are provided.

Digital services revenue
The group provides digital services contracts to its clients. Which generally extends over several years. digital services revenues are recognized over a period of time during the contract term when the services are provided.

Product revenue
The group provides software sales services. Revenue from products is recognized over a period of time during the contract term.

5- MATERIAL ACCOUNTING POLICIES INFORMATION (CONTINUED)

Other revenues
Other income is recognized when due.

Expenses
Selling and marketing expenses mainly represent the costs incurred in marketing and selling the company's products and services. Other expenses are classified as general and administrative expenses. General and administrative expenses include direct and indirect expenses that are not directly related to revenue costs in accordance with generally accepted accounting standards. Expenses are distributed, if necessary, between general and administrative expenses and revenue costs on a fixed basis.

Borrowing costs
All borrowing costs are recognized as an expense in the consolidated statement of comprehensive income in the year in which they are incurred.

Earnings per share
The Group presents basic and diluted earnings per share, if any. Basic earnings or loss per share are calculated by dividing the net profit or loss for the year by the weighted average number of shares outstanding during the year, and diluted earnings per share, if any, are determined. By adjusting the net profit or loss and the weighted average number of common shares outstanding, which is adjusted according to the shares held.

Dividends
The Group recognizes the obligation to pay dividends to shareholders of the company when the distribution is approved and the distribution is no longer dependent on the Group's discretion. In accordance with the provisions of the Companies Law and the company's bylaws, dividends are approved upon approval by shareholders, and the corresponding amount is recorded directly in equity.

Contingent Liabilities
Contingent liabilities are disclosed when the Group has a potential liability as a result of past events, the existence of which will only be confirmed by the occurrence or non-occurrence of one or more uncertain future events that are not entirely under the control of the Group; or the Group has a present legal or implied obligation arising from past events, but there is no likely outflow of resources that includes economic benefits to settle the obligation, or the amount of Adhere to sufficient reliability.

Subsequent events
Consolidated financial statements are affected by subsequent events that require an amendment to the consolidated financial statements while it is disclosed subsequent events that do not require an amendment of the consolidated financial statements.

6- Property and equipment

	(Saudi Riyal)				
	Furniture and fixtures	**Computer devices**	**Electrical devices**	**Leasehold improvement**	**Total**
Cost					
As of January 1, 2022	1,078,631	3,071,831	483,208	2,250,623	6,884,293
Additions	9,745	379,108	26,255	335,481	750,589
As of December 31, 2022	1,088,376	3,450,939	509,463	2,586,104	7,634,882
Additions	**10,870**	**414,171**	**138,050**	**237,266**	**800,357**
As of December 31, 2023	**1,099,246**	**3,865,110**	**647,513**	**2,823,370**	**8,435,239**
Accumulated depreciation					
As of January 1, 2022	884,936	2,111,690	400,624	1,035,814	4,433,064
Charge for the year (Note 24)	22,144	307,114	28,901	597,228	955,387
As of December 31, 2022	907,080	2,418,804	429,525	1,633,042	5,388,451
Charge for the year (Note 24)	**25,903**	**397,474**	**54,821**	**383,489**	**861,687**
As of December 31, 2023	**932,983**	**2,816,278**	**484,346**	**2,016,531**	**6,250,138**
Net book value					
As of December 31, 2023	**166,263**	**1,048,832**	**163,167**	**806,839**	**2,185,101**
As of December 31, 2022	181,296	1,032,135	79,938	953,062	2,246,431

7- INTANGIBLE ASSETS

	(Saudi Riyal)	
	Computer programs	**Total**
Cost		
As of January 1, 2022	6,677,070	6,677,070
Transferred to non-current assets held for sale (Note 15)	(2,684,733)	(2,684,733)
As of December 31, 2022	3,992,337	3,992,337
Additions	**2,347,472**	**2,347,472**
As of December 31, 2023	**6,339,809**	**6,339,809**
Accumulated Amortization:		
As of January 1, 2022	1,246,110	1,246,110
Amortization charged for the year (Note 23)	661,977	661,977
Transferred to non-current assets held for sale (Note 15)	(782,583)	(782,583)
As of December 31, 2022	1,125,504	1,125,504
Amortization charged for the year (Note 23)	**371,871**	**371,871**
As of December 31, 2023	**1,497,375**	**1,497,375**
Net book value		
As of December 31, 2023	**4,842,434**	**4,842,434**
As of December 31, 2022	2,866,833	2,866,833

8- RIGHT OF USE ASSETS AND LEASE LIABILITIES

RIGHT OF USE ASSETS

	(Saudi Riyal)	
	2023	2022
Balance at the beginning of the year	**2,236,540**	2,987,464
Additions	**729,411**	944,933
Disposals	**(421,618)**	(1,695,857)
Balance at the end of the year	**2,544,333**	2,236,540
Accumulated depreciation:		
Balance at the beginning of the year	**1,425,418**	2,148,934
Depreciation charged for the year (Note 24)	**794,474**	719,163
Disposals	**(421,618)**	(1,442,679)
Balance at the end of the year	**1,798,274**	1,425,418
Net book value as of end of the year	**746,059**	811,122

Lease liabilities

	(Saudi Riyal)	
	2023	2022
Balance at the beginning of the year	**923,828**	1,005,466
Additions	**729,411**	944,933
Disposals	**-**	(308,214)
Finance costs (Note 26)	**48,656**	58,940
Rent payments	**(734,422)**	(777,297)
Balance at the end of the year	**967,473**	923,828
Less: current portion	**(237,286)**	(712,594)
Non-Current portion	**730,187**	211,234

9- FINANCIAL ASSETS AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME

An investment in financial assets at fair value through other comprehensive income consists of an investment in the shares of Haseel Holding Company Limited (a foreign limited liability company) at a percentage of 1%, and the investment is recognized at fair value.

The movement on investment in financial assets at fair value through other comprehensive income for the year was as follows:

	(Saudi Riyal)	
	2023	2022
Balance at the beginning of the year	**187,500**	187,500
Balance at the end of the year	**187,500**	187,500

10- INVESTMENT IN ASSOCIATES

The details of investment in associate companies are as following:

		(Saudi Riyal)	
	Ownership	**2023**	2022
Sure Payments for Information Technology company	**20.46%**	**11,651,301**	11,304,324
Al-Fandaqah Information Technology Company	**20%**	**510,104**	-
		12,161,405	11,304,324

The movement of investment in associate companies during the year is as follows:

	(Saudi Riyal)	
	2023	2022
Balance as at the beginning of the year	**11,304,324**	9,525,026
Additions	**521,739**	1,636,800
Share in results of associates	**355,952**	180,944
Share from other comprehensive losses	**(20,610)**	(38,446)
Balance as at the end of the year	**12,161,405**	11,304,324

The investment balance in Sure Information Technology Company as of December 31, 2023 includes goodwill amounting to SR 5,7 million (December 31, 2022: SAR 5,7 million).

During the year, the Group acquired 20% of Al-Fandaqah Information Technology Company. The legal procedures have not been completed until the date of approval of these consolidated financial statements (note 15).

The tables below provide summary financial information for the statement of financial position of the associates.

	(Saudi Riyal)	
As of December 31, 2023	**Sure Payments Information Technology company**	**Al-Fandaqah Information Technology Company**
Total current assets	**31,254,592**	**1,778,339**
Total non-current assets	**16,306,053**	**2,713,852**
Total current liabilities	**(17,816,568)**	**(1,535,627)**
Total non-current liabilities	**(759,887)**	**(14,496)**
Net assets	**28,984,190**	**2,942,068**

	(Saudi Riyal)	
As of December 31, 2022	**Sure Payments Information Technology company**	**Al-Fandaqah Information Technology Company**
Total current assets	28,137,690	-
Total non-current assets	19,013,635	-
Total current liabilities	(19,250,880)	-
Total non-current liabilities	(612,135)	-
Net assets	27,288,310	-

10- INVESTMENT IN ASSOCIATES (CONTINUED)

The tables below provide summary financial information for the statement of comprehensive income of the associates.

	(Saudi Riyal)	
As of December 31, 2023	**Sure Payments Information Technology company**	**Al-Fandaqah Information Technology Company**
Revenues	**49,726,123**	913,629
Profit for the year	**1,796,613**	(58,176)
Group share of results	**367,587**	(11,635)
Total other comprehensive loss for the year	**(100,733)**	-
Share the group of other comprehensive loss for the year	**(20,610)**	-

	(Saudi Riyal)	
As of December 31, 2022	**Sure Payments Information Technology company**	**Al-Fandaqah Information Technology Company**
Revenues	38,975,220	-
Profit for the year	884,379	-
Group share of results	180,944	-
		-
Total other comprehensive loss for the year	(187,906)	-
Group share of other comprehensive loss for the year	(38,446)	-

11- TRADE RECEIVABLES AND CONTRACT ASSETS

	(Saudi Riyal)	
	2023	2022
Trade receivables	**43,317,787**	43,387,474
Contract assets *	**19,464,253**	16,161,037
	62,782,040	59,548,511
Expected credit losses	**(7,972,771)**	(4,976,476)
Net	**54,809,269**	54,572,035

* Contract assets represent the value of work carried out by the group during the year and were not invoiced to customers as of the date of preparing the consolidated financial statements.

The movement in expected credit losses during the year is as follows:

	(Saudi Riyal)	
	2023	2022
Balance as at the beginning of the year	**4,976,476**	1,456,009
Addition during the year	**2,996,295**	3,520,467
Balance as at the end of the year	**7,972,771**	4,976,476

12- PREPAID EXPENSES AND OTHER DEBIT BALANCES

	(Saudi Riyal)	
	2023	2022
Deposits against letters of guarantee (Note 32)	**10,625,409**	4,476,854
Prepaid expenses	**2,859,509**	414,619
Advanced payments to suppliers	**380,110**	1,405,141
Staff receivables	**33,022**	93,901
Others	**-**	58,625
Total	**13,898,050**	6,449,140

13-RELATED PARTIES BALANCES AND TRANSACTIONS

The following is a list of these related parties:

Related party	Nature of the transaction
Sure Payments for Information Technology Company	Associate
Al-Fandaqah Information Technology Company	Associate

The following is a summary of the transactions that took place with related parties during the year ended in:

		(Saudi Riyal)	
Related party name	**Nature of the transaction**	**2023**	2022
Sure Payments for Information Technology Company	Payment	**(1,698,482)**	(1,704,998)
	Expenses paid on behalf	**1,698,482**	1,729,316
Al-Fandaqah Information Technology Company	investment	**(600,000)**	-
	non-current assets held for sale sold	**3,000,000**	-
	Payment	**(1,200,000)**	-
	other	**(99,731)**	-

The balance of due from related party consists of the following:

	(Saudi Riyal)	
	2023	2022
Al-Fandaqah Information Technology Company	**1,100,269**	-

Transactions of executive management compensation personnel:
Compensation of the Group's executive management personnel includes salaries, non-cash benefits and contributions to long-term employment benefits. Compensation and bonuses for executive management employees are as follows:

	(Saudi Riyal)	
Employees accruals	**2023**	2022
Employee benefits	**4,891,806**	2,947,097
End of service benefits	**-**	105,977
Total	**4,891,806**	3,053,074

14- CASH AND CASH EQUIVELANTS

	(Saudi Riyal)	
	2023	2022
Cash at banks	**65,630,070**	51,475,504
Total	**65,630,070**	51,475,504

During year 2023, The Group has linked an islamic deposit, the realized profits for the year ending December 31, 2023 was SR 283,094 (December 31, 2022: Nil).

15- NON-CURRENT ASSETS AND LIABILITIES HELD FOR SALE

On December 31, 2022, the Board of Directors decided to sell the Hotel Management Software ("Fandaqah Product") based on an offer submitted by a company in the Kingdom of Saudi Arabia, provided that the Group obtains an amount of SR 2.1 million and 20% of the ownership of the company that the hotel product transferred to its ownership. A contract was signed for the transfer and sale of Fandaqah product during the year. The sale results in a realized profit of 706,545 SR (Note 27).
Fandaqah product is not a separate major line of business and therefore the profit or loss relating to Fandaqah product is not disclosed as a separate line item in the consolidated statement of comprehensive income as a discontinued operation.

	(Saudi Riyal)	
	2023	2022
Intangible assets	**-**	1,902,150
Accrued expenses and other credit balances	**-**	(277,241)

16- CAPITAL

On November 13, 2023, the General Assembly of Shareholders approved the Board of Directors' recommendation to increase the Group's share capital by transferring an amount of SR 25,648,750 from retained earnings to the share capital, so that the Group's share capital becomes SR 76,946,250 divided into 7,694,625 ordinary shares of equal value (December 31, 2022: SR 51,297,500), the value of each share is SR 10 as of December 31, 2023 (2022: SR 10).

17- DEFINED BENEFIT OBLIGATIONS FOR EMPLOYEES

The Group's policy stipulates that all employees who complete a qualifying year of service are entitled to compensation and end-of-service benefits under the labor system in the Kingdom of Saudi Arabia.
The annual allowance is based on actuarial valuation. The most recent actuarial evaluation was conducted by an independent expert appointed by the group's management, using the actuarial methodology for the projected unit credit as of December 31, 2023. The movement of the employee defined benefit obligation during the year is as follows:

	(Saudi Riyal)	
	2023	2022
Balance as at the beginning of the year	**5,567,122**	5,433,091
Current service cost	**1,896,010**	1,672,859
Finance costs (Note 26)	**218,131**	134,815
Remeasurement	**(14,986)**	(612,203)
Paid during the year	**(1,439,513)**	(1,061,440)
Balance as at the end of the year	**6,226,764**	5,567,122

Important actuarial assumptions
The important actuarial assumptions used in calculating the defined benefit obligation are as follows:

	(Saudi Riyal)	
	2023	2022
Discount rate	**4.75%**	4.5%
Salaries increase rate	**2%**	2%

Sensitivity analysis
The results are affected by the assumptions used, especially the assumption of turnover due to the short duration of the program liabilities. The table below shows the change in the defined benefit obligation based on the increase or decrease in the value of the underlying assumptions as follows:

	2023		2022	
	%	(Saudi Riyal)	%	(Saudi Riyal)
Discount rate				
Increase	**+1%**	**5,853,145**	+1%	5,242,766
Decrease	**-1%**	**6,648,400**	-1%	5,932,893
Expected salary increase rate				
Increase	**+1%**	**6,591,405**	+1%	5,880,905
Decrease	**-1%**	**5,897,922**	-1%	5,283,993

Risks related to employee defined benefit obligations:

Risks of increasing salaries:
The most common type of retirement benefit is the one in which benefits are linked to final salaries. Risks arise when actual increases are higher than expected and therefore affect the obligation.

Withdrawal risks:
Actual withdrawal risks that vary with valuation assumptions can pose risks to benefit obligations. The movement in commitment can be launched in both directions.

18- CONTRACT LIABILITIES

Contract liabilities represent amounts received from the Group's customers as well as unfulfilled performance obligations that will be applied to future claims.

19- ACCRUED EXPENSES AND OTHER CREDIT BALANCES

	(Saudi Riyal)	
	2023	2022
Accrued salaries and other employees' benefits	**7,300,244**	5,156,882
Value added tax	**2,991,636**	3,691,943
Accrued project costs	**-**	131,196
Others	**18,563**	1,652,138
Total	**10,310,443**	10,632,159

20- ZAKAT AND ACCRUED TAX PROVISION

The most important components of the zakat base as of December 31 are as follows:

	(Saudi Riyal)	
	2023	2022
Equity	**81,919,985**	81,670,089
Provisions	**36,803,835**	27,391,986
Non-current assets	**(20,320,120)**	(17,416,210)

Zakat was calculated at 2.5% of the zakat base.

The movement on the zakat provision is as follows:

	(Saudi Riyal)	
	2023	2022
Balance as at the beginning of the year	**2,903,359**	2,243,507
Zakat charged for the year	**2,719,705**	2,583,327
Paid during the year	**(2,490,880)**	(1,923,475)
Balance as at the end of the year	**3,132,184**	2,903,359

The movement on income tax provision is as follows:

	(Saudi Riyal)	
	2023	2022
Balance as at the beginning of the year	**146,920**	-
Tax charged for the year	**300,000**	146,920
Paid during the year	**(146,920)**	-
Balance as at the end of the year	**300,000**	146,920

Zakat status

The Company has submitted its zakat returns for the previous years up to 2022 to the Zakat, Tax and Customs Authority (the "Authority"). The zakat assessments with the Authority have been finalized until 2018 and the rest of the years are still under study by the Authority.

21- STATUTORY RESERVES

In accordance to the Group's bylaws, the Group forms a statutory reserve of 10% of the net profit for the year until this reserve reaches 30% of the value of the capital. During the year 2023, the group amended its bylaws regarding not forming a statutory reserve. The group will present the future objective of the statutory reserve to shareholders at the general assembly meeting to take the appropriate decision there on.

22- REVENUES

Revenues are presented by sector type, customer type, as well as contract duration (timing of revenue recognition).

Type of sector

	(Saudi Riyal)	
	2023	2022
Managed services	**83,091,041**	76,465,587
Digital services	**66,932,123**	47,885,178
Infrastructure	**33,882,082**	78,256,017
Products	**10,388,897**	5,066,653
Total	**194,294,143**	207,673,435

22- REVENUES (CONTINUED)

Type of client

	(Saudi Riyal)	
	2023	2022
Governmental and semi-governmental	**174,580,909**	191,059,560
Private sector	**19,713,234**	16,613,875
Total	**194,294,143**	207,673,435

Timing of revenue recognition

	(Saudi Riyal)	
	2023	2022
Over a period of time	**160,412,061**	129,417,418
Certain point in time	**33,882,082**	78,256,017
Total	**194,294,143**	207,673,435

23- COST OF REVENUES

	(Saudi Riyal)	
	2023	2022
Equipment, licenses and subcontractors	**82,293,840**	97,717,460
Employees' salaries and benefits	**54,988,247**	56,573,418
Amortization of intangible assets (Note 7)	**371,871**	661,977
Others	**179,413**	1,307,426
Total	**137,833,371**	156,260,281

24- GENERAL AND ADMINISTRATIVE EXPENSES

	(Saudi Riyal)	
	2023	2022
Salaries, wages and other benefits	**13,038,773**	10,168,227
Depreciation of property and equipment (Note 6)	**861,687**	955,387
Depreciation of right of use assets (Note 8)	**794,474**	719,163
Subscription fees	**629,959**	1,453,275
Treatment and Medical insurance	**518,697**	604,355
Impairment loss in works in progress	**-**	968,000
Others	**2,106,142**	2,122,196
Total	**17,949,732**	16,990,603

25- SELLING AND MARKETING EXPENSES

	(Saudi Riyal)	
	2023	2022
Salaries, wages and other benefits	**2,980,496**	2,296,794
Commissions	**1,439,425**	1,233,074
Advertising expenses	**669,200**	118,491
Tenders	**285,350**	235,900
Subscription fees	**-**	28,942
Others	**62,330**	184,139
Total	**5,436,801**	4,097,340

26- FINANCE COST

	(Saudi Riyal)	
	2023	2022
Finance cost related to employees' defined benefits obligation (Note 17)	**218,131**	134,815
Finance cost related to lease liabilities (Note 8)	**48,656**	58,940
Total	**266,787**	193,755

27- OTHER INCOME

	(Saudi Riyal)	
	2023	2022
Gain of sale non-current assets held for sale (Note 15)	**706,545**	-
Currency differences	**536,650**	-
Others	-	15,000
Total	**1,243,195**	15,000

28- BASIC AND DULITED EARNING PER SHARE

Basic earnings per share attributable to the company's shareholders is calculated on the basis of the weighted average number of shares outstanding during the year. Diluted earnings per share are calculated by adjusting basic earnings per share by the weighted average number of additional ordinary shares that would have been issued upon conversion of all potentially diluted shares into ordinary shares. The weighted average number of shares as of December 31, 2023 amounted to 7,694,625 shares after increasing the company's capital by granting free shares to shareholders. The weighted average number of shares was retrospectively applied to the comparative periods for the purposes of calculating earnings per share.

	(Saudi Riyal)	
	2023	2022
Net profit for the year	**28,732,094**	24,076,686
weighted average number of shares	**7,694,625**	7,694,625
Basic and diluted earnings per share	**3,73**	3,13

29- SEGMENT INFORMATION

A segment is a separate and distinct part of the Group that is engaged in business activities from which it earns revenue or incurs expenses. Operating segments are disclosed on the basis of internal reports that are reviewed by the chief operating decision maker, who is the person responsible for allocating resources, assessing performance and making strategic decisions about the operating segments. Operating segments with similar economic features, products, services and similar customer categories are grouped and recorded whenever possible as reportable segments in accordance with IFRS (8) Operating Segments. Operating segments are reported in a manner consistent with the internal reporting structure.

The group operates in the Kingdom of Saudi Arabia, and there are no substantial commercial activities outside the Kingdom of Saudi Arabia.

Information relating to each segment report is listed below. The total segment profit is used to measure performance because the management believes that this information is the most appropriate for evaluating the results of the relevant segments that relate to other entities that operate in the same industries:

Products or services

For the year ended December 31, 2023

	(Saudi Riyal)				
	Infrastructure	**Managed Services**	**Digital services**	**Products**	**Total**
Revenue	**33,882,082**	**83,091,041**	**66,932,123**	**10,388,897**	**194,294,143**
Cost of revenues	**(28,162,335)**	**(58,369,490)**	**(42,792,476)**	**(8,509,070)**	**(137,833,371)**
Gross profit	**5,719,747**	**24,721,551**	**24,139,647**	**1,879,827**	**56,460,772**

For the year ended December 31, 2022

	(Saudi Riyal)				
	Infrastructure	**Managed Services**	**Digital services**	**Products**	**Total**
Revenue	78,256,017	76,465,587	47,885,178	5,066,653	207,673,435
Cost of revenues	(70,805,925)	(54,716,840)	(26,696,118)	(4,041,398)	(156,260,281)
Gross profit	7,450,092	21,748,747	21,189,060	1,025,255	51,413,154

Revenues from governmental and semi-governmental parties forms 90% of total revenue of the current year (2022:92%).

29- SEGMENT INFORMATION (CONTINUED)

Disclosure of information related to the net book value of property, equipment, right-of-use assets, total assets and total liabilities in these sectors is impractical, as no sector has met the limits contained in IFRS. 8 "Operating Sectors" to disclose its geographical information.

Revenue between segments and between business units is eliminated when consolidated, and reflected in the Settlement column.

The Group's management monitors the operating results of its business units separately for the purpose of making decisions about resource allocation and performance assessment.

Segment performance is measured and evaluated on the basis of the condensed interim consolidated statement of comprehensive income. There are no adjustments or deletions during 2023 and 2022.

30- FINANCIAL INSTRUMENTS

Financial instruments by category

Financial instruments have been categorised as follows:

Financial assets	(Saudi Riyal)	
	2023	2022
Financial assets - FVOCI	**187,500**	187,500
Financial assets - at amortized cost		
Other debit balances	**10,658,431**	4,570,755
Due from a related party	**1,100,269**	-
Trade receivables	**35,345,016**	38,410,998
Contracts assets	**19,464,253**	16,161,037
Cash and cash equivalents	**65,630,070**	51,475,504
Total financial assets	**132,385,539**	110,805,794

Financial liabilities	(Saudi Riyal)	
	2023	2022
Financial liabilities - at amortized cost		
Non-current liabilities		
Lease liabilities	**730,187**	211,234
Current liabilities		
Trade payables	**8,260,172**	6,094,695
Lease liabilities	**237,286**	712,594
Contracts liabilities	**11,893,520**	9,208,683
Accrued expenses and other credit balances	**10,310,443**	10,632,159
Total current liabilities	**31,431,608**	26,859,365

31- FINANCIAL RISK AND CAPITAL MANAGEMENT

The Group has an exposure to the following risks from its use of the financial instruments:

- Credit risk
- Liquidity risk
- Market risk
- Commission rate risk
- Foreign Exchange Risk
- Price risk

This note shows information about the group's exposure to each of the risks above, the goals of the group, policies, methods of measurement and risk management.

Financial risk management general framework

The Group's management has overall responsibility for the establishment and oversight of the Group's risk management framework. The Group's risk management policies are established to identify and analyze the risks faced by the Group, to set appropriate risk limits and controls, and to monitor risks and adherence to limits. Risk management policies and systems are reviewed regularly to reflect changes in market conditions and the Group's activities. The Group, through its training and management standards and procedures, aims to develop a disciplined and constructive control environment in which all employees understand their roles and obligations.

31- FINANCIAL RISK AND CAPITAL MANAGEMENT (CONTINUED)

Credit risk

Credit risk is the risk of financial Profit to the Group if a customer or counterparty to a financial instrument fails to meet its contractual obligations. The Group's policy states that all customers who want to deal on a forward basis are subject to credit check. Financial instruments that are subject to concentration of credit risk consist mainly of customer receivables. The Group deposits bank balances with a number of financial institutions with a good credit rating and has a policy of setting limits on its balances deposited with each financial institution. The Group does not believe that there are significant risks from the inefficiency of these institutions, and the Group does not consider itself exposed to concentrations of credit risk with respect to debtors due to the diversity of its customer base operating in various activities and located in multiple regions. As of December 31,2023 The balance of trade receivables and contract assets consists of 87% of government sector customers (December 31, 2022: 87%) and 13% of private sector customers (December 31, 2022: 13%).

The maximum Group's exposure to credit risk is limited to the carrying amounts of the financial assets recognized at the consolidated statements of financial position as follows:

	(Saudi Riyal)	
	2023	2022
Trade receivables	**35,345,016**	38,410,998
Contracts assets	**19,464,253**	16,161,037
Cash and cash equivalents	**65,630,070**	51,475,504
Due from a related party	**1,100,269**	-
Other debit balances	**10,658,431**	4,570,755
Total	**132,198,039**	110,618,294

The following table shows information relating to exposure to credit risk and expected credit losses for trade receivables and contract assets:

December 31, 2023

	(Saudi Riyal)	%	(Saudi Riyal)
	Total book value	**Weighted average loss rate**	**Expected credit losses**
From 1-90 days	**36,082,728**	**1,52%**	**549,677**
From 91-365 days	**14,730,091**	**10,92%**	**1,608,818**
More than 365 days	**11,969,221**	**48,58%**	**5,814,276**
Total	**62,782,040**		**7,972,771**

December 31, 2022

	(Saudi Riyal)	%	(Saudi Riyal)
	Total book value	**Weighted average loss rate**	**Expected credit losses**
From 1-90 days	33,991,202	0,93%	317,392
From 91-365 days	20,703,068	10,73%	2,221,886
More than 365 days	4,854,241	50,20%	2,437,198
Total	59,548,511		4,976,476

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. The Group's terms of sale stipulate that the payment is made in cash when goods are delivered or on a forward-looking basis.