

**NASEEJ FOR TECHNOLOGY  
(SAUDI JOINT STOCK COMPANY)  
INTERIM CONDENSED CONSOLIDATED  
FINANCIAL STATEMENTS (UNAUDITED)  
AND INDEPENDENT AUDITOR'S REVIEW REPORT  
FOR THE SIX MONTHS PERIOD ENDED 30 JUNE 2023**

**Naseej For Technology  
(Saudi Joint Stock Company)  
Index Of Interim Condensed Consolidated Financial Statements (Unaudited)  
And The Independent Auditor Review Report for The Six Months Ended 30 June 2023**

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<b><u>CONTENT</u></b>	<b><u>Page</u></b>
Independent Auditor's Review Report	1
Interim Condensed Consolidated Statement of Financial Position (Unaudited)	2
Interim Condensed Consolidated Statement of Comprehensive Income (Unaudited)	3
Interim Condensed Consolidated Statement of Changes in Equity (Unaudited)	4
Interim Condensed Consolidated Statement of Cash Flows (Unaudited)	5
Notes To the Interim Condensed Consolidated Financial Statements (Unaudited)	6-18

**INDEPENDENT AUDITORS' REVIEW REPORT ON THE  
INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENT**

**To the Shareholders of  
Naseej for technology Company**  
(Saudi Joint Stock Company)  
Riyadh, Kingdom of Saudi Arabia

**Introduction**

We have reviewed the accompanying interim condensed consolidated statement of the financial position of **Naseej for technology** (Saudi Joint Stock Company) - ("the Company") and its subsidiaries (together "the Group") as of 30 June 2023 and the related interim condensed consolidated statements of comprehensive income, changes in equity and cash flows for the six months period then ended, and a summary of significant accounting policies and other explanatory notes.

The company management is responsible for the preparation and presentation of these interim condensed consolidated financial statements in accordance with International Accounting Standard No. (34) - "Interim Financial Reporting" (IAS 34) that is endorsed in the Kingdom of Saudi Arabia. Our responsibility is to express a conclusion on this interim condensed consolidated financial statement based on our review.

**Scope of Review**

We conducted our review in accordance with International Standard on Review Engagements No. (2410), "Review of Interim Financial Information Performed by the Independent Auditor of the Entity", that is endorsed in the Kingdom of Saudi Arabia. A review of interim condensed consolidated financial statements consists of making inquiries, primarily to persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing that are endorsed in the Kingdom of Saudi Arabia and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

**Conclusion**

Based on our review, nothing has come to our attention that causes us to believe that the accompanying interim condensed consolidated financial statements as of 30 June 2023 are not prepared, in all material respects in accordance with International Accounting Standard No. (34) that is endorsed in the Kingdom of Saudi Arabia.

**For Al-Kharashi & Co.**



**Abdullah S. Al Msned**  
License No. (456)



**Riyadh:**

August 27, 2023

Safar 11, 1445

**Naseej For Technology Company**  
**(Saudi Joint Stock Company)**

**Interim Condensed Consolidated Statement of Financial Position (Unaudited) As at 30 June 2023**  
**(All Amounts in Saudi Riyals Unless Otherwise Stated)**

		30 June 2023 (Unaudited)	31 December 2022 (Audited)
	Notes		
<b>ASSETS</b>			
<b>Non-Current Assets</b>			
Property and Equipment	3	2,181,455	2,121,252
Right-Of-Use Assets		1,533,314	1,874,304
Goodwill		48,224	48,224
Investment In Equity-Accounted Associates	4	9,305,147	9,691,152
Deferred Tax Asset		23,196	28,960
<b>Total Non-Current Assets</b>		<b>13,091,336</b>	<b>13,763,892</b>
<b>Current Assets</b>			
Projects In Progress	5	26,878,306	21,110,883
Inventory		1,062,141	101,788
Trade Receivables	6	83,901,951	92,095,453
Due From Related Parties	7	426,385	545,875
Contract Assets		62,896,184	55,029,188
Prepaid expenses and other debit balances	8	9,825,213	12,456,402
Cash And Cash Equivalents	9	16,121,436	29,003,737
<b>Total Current Assets</b>		<b>201,111,616</b>	<b>210,343,326</b>
<b>TOTAL ASSETS</b>		<b>214,202,952</b>	<b>224,107,218</b>
<b>EQUITY AND LIABILITIES</b>			
<b>EQUITY</b>			
Share Capital	10	50,000,000	50,000,000
Statutory Reserve		9,296,640	9,296,640
Translation Reserves		(191,116)	(133,757)
Re-Measurement Reserves of Employee Defined Benefits		155,911	155,911
Retained Earnings		58,915,431	56,827,353
<b>Equity Attributable to shareholders of The Parent company:</b>		<b>118,176,866</b>	<b>116,146,147</b>
Non-Controlling Interests		685,787	695,390
<b>TOTAL EQUITY</b>		<b>118,862,653</b>	<b>116,841,537</b>
<b>LIABILITIES</b>			
<b>Non-Current Liabilities</b>			
Lease Liabilities		413,420	373,750
Employees' Defined Benefit Liabilities		26,013,336	25,130,547
<b>Total non-Current Liabilities</b>		<b>26,426,756</b>	<b>25,504,297</b>
<b>Current Liabilities</b>			
Short Term Loans	11	9,554,285	10,089,610
Trade Payables		20,393,629	23,118,297
Accruals and other credit balances	12	7,700,615	13,172,595
Contract Liabilities		28,832,161	30,734,870
Lease Liabilities		349,813	671,709
Zakat And Income Tax Provision		2,083,040	3,974,303
<b>Total Current Liabilities</b>		<b>68,913,543</b>	<b>81,761,384</b>
<b>TOTAL LIABILITIES</b>		<b>95,340,299</b>	<b>107,265,681</b>
<b>TOTAL EQUITY AND LIABILITIES</b>		<b>214,202,952</b>	<b>224,107,218</b>



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Finance Manager



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CEO



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Chairman


The accompanying notes from 1 to 21 form an integral part of these interim condensed consolidated financial statements.

**Naseej For Technology**  
**(Saudi Joint Stock Company)**  
**Interim Condensed Consolidated Statement of Comprehensive Income (Unaudited)**  
**For The Six Months Period Ended 30 June 2023**  
**(All Amounts in Saudi Riyals Unless Otherwise Stated)**

		<b>30 June 2023</b>	<b>30 June 2022</b>
	<b>Note</b>	<b>(Unaudited)</b>	<b>(Unaudited)</b>
Revenue	<b>14</b>	<b>90,868,883</b>	94,853,126
Cost of revenue		<b>(67,327,110)</b>	(65,683,786)
<b>Gross profit</b>		<b>23,541,773</b>	29,169,340
Selling and marketing expenses		<b>(11,868,016)</b>	(10,550,292)
General and administrative expenses		<b>(9,017,262)</b>	(8,706,661)
<b>Operating profit</b>		<b>2,656,495</b>	9,912,387
Share (loss) from equity-accounted associates	<b>4</b>	<b>(144,938)</b>	(426,392)
Finance cost		<b>(447,177)</b>	(47,167)
Other income		<b>2,513,839</b>	547,049
Other expenses		<b>(110,505)</b>	(422,716)
<b>Profit before zakat and tax</b>		<b>4,467,714</b>	9,563,161
Zakat and income tax expense		<b>(2,177,639)</b>	(1,818,903)
<b>Profit for the period</b>		<b>2,290,075</b>	7,744,258
<b>Other comprehensive income:</b>			
<b>Items that maybe reclassified subsequently to profit or loss:</b>			
Foreign operation translation differences		(57,359)	(216,179)
<b>Other comprehensive loss for the period</b>		<b>(57,359)</b>	(216,179)
<b>Total comprehensive income for the period</b>		<b>2,232,716</b>	7,528,079
<b>Profit attributable to:</b>			
Owners of the parent		<b>2,088,078</b>	7,608,456
Non-controlling interest		<b>201,997</b>	135,802
		<b>2,290,075</b>	7,744,258
<b>Total comprehensive income attributable to:</b>			
Owners of the parent		<b>2,030,719</b>	7,392,277
Non-controlling interest		<b>201,997</b>	135,802
		<b>2,232,716</b>	7,528,079
<b>Earnings per share from the net profit for the Period attributable to the shareholders of the company</b>			
Basic and diluted (Saudi Riyals)	<b>13</b>	<b>0.42</b>	1.52

  
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Finance Manager

  
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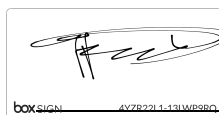
CEO

  
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Chairman

**Naseej For Technology**  
**(Saudi Joint Stock Company)**  
**Interim Condensed Consolidated Statement of Changes In Equity**  
**For The Six Months Period Ended 30 June 2023**  
**(All Amounts in Saudi Riyals Unless Otherwise Stated)**

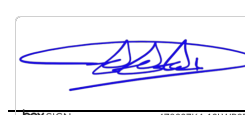
	Share capital	Statutory reserve	Translation reserves	Re-Measurement Reserves of Employee Defined Benefits obligations	Retained earnings.	Equity attributable to owners of the parent	Non-controlling interests	TOTAL EQUITY
Balance at 1 January 2022 (Audited)	50,000,000	7,087,756	1,533,890	(866,447)	36,084,217	93,839,416	463,581	94,302,997
Profit for the period	-	-	-	-	7,608,456	7,608,456	135,802	7,744,258
Other comprehensive loss for the period	-	-	(216,179)	-	-	(216,179)	-	(216,179)
Total comprehensive income for the period	-	-	(216,179)	-	7,608,456	7,392,277	135,802	7,528,079
Balance at 30 June 2022 (Unaudited)	50,000,000	7,087,756	1,317,711	(866,447)	43,692,673	101,231,693	599,383	101,831,076
<b>Balance at 1 January 2023 (Audited)</b>	<b>50,000,000</b>	<b>9,296,640</b>	<b>(133,757)</b>	<b>155,911</b>	<b>56,827,353</b>	<b>116,146,147</b>	<b>695,390</b>	<b>116,841,537</b>
<b>Paid dividend</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(211,600)</b>	<b>(211,600)</b>
<b>Profit for the period</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>2,088,078</b>	<b>2,088,078</b>	<b>201,997</b>	<b>2,290,075</b>
<b>Other comprehensive loss for the period</b>	<b>-</b>	<b>-</b>	<b>(57,359)</b>	<b>-</b>	<b>-</b>	<b>(57,359)</b>	<b>-</b>	<b>(57,359)</b>
<b>Total comprehensive income for the period</b>	<b>-</b>	<b>-</b>	<b>(57,359)</b>	<b>-</b>	<b>2,088,078</b>	<b>2,030,719</b>	<b>201,997</b>	<b>2,232,716</b>
<b>Balance at 30 June 2023 (Unaudited)</b>	<b>50,000,000</b>	<b>9,296,640</b>	<b>(191,116)</b>	<b>155,911</b>	<b>58,915,431</b>	<b>118,176,866</b>	<b>685,787</b>	<b>118,862,653</b>



Finance Manager



CEO



Chairman

The accompanying notes from 1 to 21 form an integral part of these condensed consolidated interim financial statements.




**Naseej For Technology**  
**(Saudi Joint Stock Company)**  
**Interim Condensed Consolidated Statement of Cash Flows (Unaudited)**  
**For The Six Months Period Ended 30 June 2023**  
**(All Amounts in Saudi Riyals Unless Otherwise Stated)**

		<b>30 June</b>	<b>30-June</b>
		<b>2023</b>	<b>2022</b>
	<b>Note</b>	<b>(Unaudited)</b>	<b>(Unaudited)</b>
<b>Cash flows from operating activities</b>			
Profit before zakat and tax		<b>4,467,714</b>	9,563,161
<b>Adjustments to reconcile profit for the period before zakat and tax to net Cashflow used in operating activities</b>			
Depreciation of Property and Equipment	4	<b>297,420</b>	403,416
Amortization of Right-of-use assets		<b>340,990</b>	351,158
Provision for expected credit loss on trade receivables	7	<b>1,259,137</b>	343,182
Write off trade receivables	7	<b>(3,765,468)</b>	(181,112)
Provision for employees' end of service benefits		<b>1,408,821</b>	693,237
Share of loss from equity-accounted associates	5	<b>144,938</b>	426,392
Finance cost		<b>447,177</b>	47,167
		<b>4,600,729</b>	11,646,601
<b>Net changes in working capital:</b>			
Projects in progress		<b>(5,767,423)</b>	(4,065,937)
Inventories		<b>(960,353)</b>	14,752
Related parties, net		<b>119,490</b>	46,320
Contract assets		<b>(7,866,996)</b>	(15,902,826)
Trade receivables		<b>10,723,723</b>	(9,106,978)
Prepayments and other debit balances		<b>2,631,189</b>	1,337,704
Accruals and other credit balances		<b>(5,471,980)</b>	(4,284,675)
Deferred tax assets		<b>5,764</b>	(66,450)
Contract liabilities		<b>(1,902,709)</b>	(11,784,919)
Trade payable		<b>(2,724,668)</b>	115,736
<b>Cash flows (used in) operating activities</b>		<b>(6,613,234)</b>	(32,050,672)
Employees' end-of-service benefits paid		<b>(526,032)</b>	(1,033,224)
Zakat and income taxes paid		<b>(4,068,902)</b>	(3,128,269)
<b>Net cash flows (used in) operating activities</b>		<b>(11,208,168)</b>	(36,212,165)
<b>Cash flows from investing activities</b>			
Additions to property and equipment		<b>(632,213)</b>	(281,143)
<b>Net cash (used in) investing activities</b>		<b>(632,213)</b>	(281,143)
<b>Cash flows from financing activities</b>			
Proceeds from loans		<b>8,000,000</b>	5,000,000
Repayment of loans		<b>(8,811,997)</b>	(428,776)
Leased liabilities paid		<b>(331,669)</b>	(329,935)
Paid Dividend		<b>(211,600)</b>	-
<b>Net cash (used in) / generated from financing activities</b>		<b>(1,355,266)</b>	4,241,289
<b>Net change in cash and cash equivalents</b>		<b>(13,195,647)</b>	(32,252,019)
Cash and cash equivalents at the beginning of the period	10	<b>29,003,737</b>	43,354,778
Effect of movements in exchange rates		<b>313,346</b>	313,258
Cash and cash equivalents at the end of the period	10	<b>16,121,436</b>	11,416,017

  
Chairman  
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CEO  
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Finance Manager  
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The accompanying notes from 1 to 21 form an integral part of these interim condensed consolidated financial statements.

## **1. LEGAL STATUS AND NATURE OF OPERATIONS**

Naseej for Technology (the 'Company') is a Joint-stock Company registered in Riyadh, Kingdom of Saudi Arabia, under Commercial Registration No. (1010137106) dated 11 Rabi'1, 1416 (H) corresponding to 8 August 1995 (G). These interim condensed consolidated financial statements ("interim financial statements") comprise the Company and its subsidiaries/ (together referred to as the 'Group').

The Capital Market "CMA" Board has issued its resolution dated 25 Sha'ban 1443 H (Corresponding to 28 March 2022G), Approving Naseej for Communications and Information Technology company's "the company" applicant for the registration of its shares for direct listing in the parallel market. Moreover, Saudi Tadawul Group announces the listing and trading shares of "Naseej for Communications and Information Technology company" on NOMU- parallel market on 23 Shawwal 1443H (Corresponding to 24 May 2022G) as a direct listing with the symbol 9538.

The general assembly in its meeting on 11 Ramadan 1443H (Corresponding 12 April 2022 G) approved to amend the name of the company from (Naseej for Communications and Information Technology )to Naseej for Technology.

The principal activity of the Company is to provide computers services (databases and information systems), internet, electronic communications, maintenance of computer devices and networks, and wholesale and retail of office furniture and library supplies in accordance with Ministry of Information License No. (16581) dated Dhul Qa'dah 24, 1422(H), corresponding to 7 June, 1991(G)

The Company's registered office address is PO. Box 20129, Riyadh 11455 Kingdom of Saudi Arabia.

## **2. BASIS OF PREPARATION**

### **2.1 Statement of Compliance**

These interim financial statements have been prepared in accordance with IAS 34 "Interim Financial Reporting" that is endorsed in the Kingdom of Saudi Arabia and issued by the Saudi Organization for Certified Professional Accountants ("SOCPA"). These interim financial statements should be read in conjunction with the Group's last audited consolidated financial statements as of and for the year ended 31 December 2022 ('last annual financial statements'). The accompanying interim financial statements do not include all the information that is required to prepare a complete set of financial statements in accordance with International Financial Reporting Standards ("IFRSs") as endorsed by SOCPA. However, selected explanatory notes are included to explain events and transactions that are significant to an understanding of the changes in the Group's financial position and performance since the last annual financial statements.

### **2.2 Preparation of the financial statements**

These interim financial statements have been prepared on the historical cost basis, except for the following:

- Investment at fair value through profit or loss; and
- Defined benefits plan measured at the present value of future obligations using the Projected Unit Credit Method.

### **2.3 Use of judgments and estimates**

In preparing these interim financial statements, management has made the judgement, estimates, and assumptions that affect the application of the Group's accounting policies and the reported amounts of assets, liabilities, income, and expenses. Actual results may differ from these estimates.

The significant judgments made by management in applying the Group's accounting policies and the key sources of estimation uncertainty were the same as those described in the last annual financial statements.



Naseej For Technology  
(Saudi Joint Stock Company)  
Notes To the Interim Condensed Consolidated Financial Statements (Unaudited) - (Continued)  
For The Six Months Period Ended 30 June 2023  
(All Amounts in Saudi Riyals Unless Otherwise Stated)

**3. PROPERTY AND EQUIPMENT**

<b>Cost:</b>	<b>Buildings</b>	<b>Motor vehicles</b>	<b>Office furniture</b>	<b>Office equipment</b>	<b>Computers</b>	<b>Total</b>
<b>Balance as at 1 January 2022 (Audited)</b>	3,079,206	64,900	2,201,096	1,751,128	5,278,596	12,374,926
Additions	-	63,800	268,457	35,909	362,341	730,507
Disposals during the year	-	-	(659,434)	(82,036)	(439,701)	(1,181,171)
Effect of movement in exchange rates	(1,132,235)	-	(52,119)	(23,114)	(321,886)	(1,529,354)
<b>Balance as at 31 December 2022 (Audited)</b>	<b>1,946,971</b>	<b>128,700</b>	<b>1,758,000</b>	<b>1,681,887</b>	<b>4,879,350</b>	<b>10,394,908</b>
Additions during the period	-	-	212,640	21,785	397,788	632,213
Disposal during the period	-	(64,900)	-	-	-	(64,900)
Effect of movement in exchange rates	(387,452)	-	(120,169)	(55,808)	(194,178)	(757,607)
<b>Balance as at 30 June 2023 (Unaudited)</b>	<b>1,559,519</b>	<b>63,800</b>	<b>1,850,471</b>	<b>1,647,864</b>	<b>5,082,960</b>	<b>10,204,614</b>
<b>Accumulated depreciation:</b>						
<b>Balance at 1 January 2022 (Audited)</b>	(1,193,876)	(64,900)	(1,909,654)	(1,694,397)	(4,750,715)	(9,613,542)
Charge for the year	(119,278)	(11,469)	(145,261)	(18,772)	(369,680)	(664,460)
Disposal during the period	-	-	654,964	82,023	432,992	1,169,979
Effect of movement in exchange rates	460,921	-	55,306	(172)	318,312	834,367
<b>Balance as at 31 December 2022 (Audited)</b>	<b>(852,233)</b>	<b>(76,369)</b>	<b>(1,344,645)</b>	<b>(1,631,318)</b>	<b>(4,369,091)</b>	<b>(8,273,656)</b>
Charge for the period	(19,494)	(6,380)	(96,966)	(23,602)	(150,978)	(297,420)
Disposal during the period	-	64,899	-	-	-	64,899
Effect of movement in exchange rates	150,103	-	88,565	55,275	189,075	483,018
<b>Balance as at 30 June 2023 (Unaudited)</b>	<b>(721,624)</b>	<b>(17,850)</b>	<b>(1,353,046)</b>	<b>(1,599,645)</b>	<b>(4,330,994)</b>	<b>(8,023,159)</b>
<b>Net book value:</b>						
<b>As at 30 June 2023 (Unaudited)</b>	<b>837,895</b>	<b>45,950</b>	<b>497,425</b>	<b>48,219</b>	<b>751,966</b>	<b>2,181,455</b>
<b>As at 31 December 2022 (Audited)</b>	<b>1,094,738</b>	<b>52,331</b>	<b>413,355</b>	<b>50,569</b>	<b>510,255</b>	<b>2,121,252</b>

**Naseej For Technology**  
**(Saudi Joint Stock Company)**  
**Notes To the Interim Condensed Consolidated Financial Statements (Unaudited) - (Continued)**  
**For The Six Months Period Ended 30 June 2023**  
**(All Amounts in Saudi Riyals Unless Otherwise Stated)**

**4. INVESTMENT IN EQUITY ACCOUNTED ASSOCIATES**

	<b>Ownership %</b>			
	<b>30 June 2023 (Unaudited)</b>	<b>31 December 2022 (Audited)</b>	<b>30 June 2023 (Unaudited)</b>	<b>31 December 2022 (Audited)</b>
Al-Bayanat Al-Rakamyeh for Information Technology	45%	45%	8,158,570	8,479,847
Infosystech Information Systems Company	50%	50%	1,146,577	1,211,305
			<b>9,305,147</b>	<b>9,691,152</b>

The movement in investment in equity investee associates during the period/year was as follows:

	<b>30 June 2023 (Unaudited)</b>	<b>31 December 2022 (Audited)</b>
Balance at the beginning of the period/year	9,691,152	9,464,727
Share of profit from equity accounted associates during period/year	(144,938)	738,817
Foreign currency translation loss during period/year	(241,067)	(512,392)
Balance at the end of the period/year	<b>9,305,147</b>	<b>9,691,152</b>

**5. PROJECTS IN PROGRESS**

	<b>30 June 2023 (Unaudited)</b>	<b>31 December 2022 (Audited)</b>
Balance at the beginning of the period / year	21,110,883	17,451,507
Charge for the period / year	51,283,780	117,300,239
Transfer to the cost of revenues during the period / year	(45,516,357)	(113,640,863)
Balance at the end of the period / year	<b>26,878,306</b>	<b>21,110,883</b>

\* Projects in progress (SR 26.878 million) includes an amount of SR 9.98 million related to the Exportal Project ("Project") for the Ministry of Foreign Affairs ("MOFA"). The Project was terminated as per the decision by MOFA. As per the agreement with MOFA, the Company is entitled to receive the total cost incurred on the project plus 20% mark up, representing overheads and profit, on the actual cost incurred. The MOFA requested the Company to perform the agreed-upon procedures from an external auditor on the expenses incurred on the project, which was duly completed and submitted to MOFA on 30 March 2020. The Company is in negotiations with MOFA to recover the costs plus the agreed mark up, and the decision is still pending from MOFA. However, the Company has provided SR 2.99 million against the said amount, which is 30% of the total amount receivable.

**6. TRADE RECEIVABLES**

	<b>30 June 2023 (Unaudited)</b>	<b>31 December 2022 (Audited)</b>
Trade receivables	94,140,308	104,864,031
Less: Provision for expected credit loss on trade receivables	(10,238,357)	(12,768,578)
	<b>83,901,951</b>	<b>92,095,453</b>

The summary for the movement of expected credit loss on trade receivables is as follows:

	<b>30 June 2023 (Unaudited)</b>	<b>31 December 2022 (Audited)</b>
Balance at the beginning of the period/year	12,768,578	14,270,895
Charge for the period/year	1,259,137	-
No longer than during the period/year	-	(1,242,146)
Written off during the period/year	(3,765,468)	(260,171)
Foreign currency translation loss during period/year	(23,890)	-
Balance at the end of the period/year	<b>10,238,357</b>	<b>12,768,578</b>



**Naseej For Technology**  
**(Saudi Joint Stock Company)**  
**Notes To the Interim Condensed Consolidated Financial Statements (Unaudited) - (Continued)**  
**For The Six Months Period Ended 30 June 2023**  
**(All Amounts in Saudi Riyals Unless Otherwise Stated)**

**7. RELATED PARTY**

The significant related party transactions and balances are broken down as follows:

**7.1 Related parties' transactions**

The group in the normal course of business carries out transactions with various related parties. Related parties' transactions are carried out on an arm's length basis and conditions approved by the Company and its Management.

The following are the details of major related party transactions and balances during the year:

			<b>30 June 2023</b> <b>(Unaudited)</b>	<b>30 June 2022</b> <b>(Unaudited)</b>
<b>Related parties</b>	<b>Relationship</b>	<b>Nature of transactions</b>	<b>Transaction volume</b>	
Infosystech Information Systems Company	Associate	Payment received	<b>(30,311)</b>	(46,320)
Al-Bayanat Al-Rakamyeh for Information Technology	Associate	Payment received	<b>(89,179)</b>	-

**7.2 Related party balances**

Related party balances at year end are as below:

<b>Due from related parties</b>	<b>30 June 2023</b> <b>(Unaudited)</b>	<b>30 June 2022</b> <b>(Unaudited)</b>
Al-Bayanat Al-Rakamyeh for Information Technology	<b>217,785</b>	306,964
Infosystech Information Systems Company	<b>208,600</b>	238,911
	<b>426,385</b>	545,875

**Compensation of senior management personnel**

The compensation of senior management personnel is the amount paid to persons who have the authority and responsibility to plan, direct and control the activities of the entity, directly or indirectly, including any manager (executive or otherwise). The compensation of senior executives includes short-term benefits and post-employment benefits. The benefits for senior executives and management personnel include bonus amounting to SR 1.8 million (2022: 1.5 million). The total amount of benefits of key management personnel are:

**Compensation of senior management personnel**

	<b>30 June 2023</b> <b>(Unaudited)</b>	<b>30 June 2022</b> <b>(Unaudited)</b>
Benefits for key management personnel	<b>3,998,758</b>	6,107,666

**Naseej For Technology**  
**(Saudi Joint Stock Company)**  
**Notes To the Interim Condensed Consolidated Financial Statements (Unaudited) - (Continued)**  
**For The Six Months Period Ended 30 June 2023**  
**(All Amounts in Saudi Riyals Unless Otherwise Stated)**

**8. Prepayments and other debit balances**

	<b>30 June 2023 (Unaudited)</b>	<b>31 December 2022 (Audited)</b>
Margins on letters of guarantee	<b>5,813,856</b>	2,462,184
Prepaid expenses	<b>2,315,734</b>	5,236,861
Advances against travel	<b>1,414,170</b>	674,469
Loan to employees	<b>220,999</b>	375,704
Term Deposits	<b>58,838</b>	58,838
Others	<b>1,616</b>	3,648,346
	<b>9,825,213</b>	12,456,402

**9. CASH AND CASH EQUIVALENTS**

	<b>30 June 2023 (Unaudited)</b>	<b>31 December 2022 (Audited)</b>
Cash at banks	<b>15,921,974</b>	28,900,469
Cash in hand	<b>199,462</b>	103,268
	<b>16,121,436</b>	29,003,737

**10. SHARE CAPITAL**

The authorized and paid-up share capital of the Company is SR 50 million comprising of 5 million shares with a nominal value of SR 10 each (31 December 2022: SR 50 million comprising of 5 million shares with a nominal value of SR 10 each).

**11. SHORT TERM ISLAMIC MURBAH**

	<b>30 June 2023 (Unaudited)</b>	<b>31 December 2022 (Audited)</b>
Opening balance during the period / year	<b>10,089,610</b>	-
Proceeds from loans during the period / year	<b>8,000,000</b>	16,000,000
Repayment of loans during the period / year	<b>(8,811,997)</b>	(6,446,578)
Interest charge during the period / year	<b>276,672</b>	536,188
Balance at the end of the period / year	<b>9,554,285</b>	10,089,610

The Group obtained the short-term Islamic Murabaha from a local bank to finance the working capital requirements,

-SR 3 million at a profit rate of 4.29 % per annum payable in Monthly installments Till 24 December 2023  
-SR 5 million at a profit rate of 7.85% per annum payable in Monthly installments Till 05 June 2024

**12. ACCRUALS AND OTHER CREDIT BALANCES**

	<b>30 June 2023 (Unaudited)</b>	<b>31 December 2022 (Audited)</b>
VAT payable	<b>5,238,910</b>	5,665,368
Accrued salaries and other liabilities	<b>2,307,499</b>	7,424,133
Deposit from customers	<b>154,206</b>	83,094
	<b>7,700,615</b>	13,172,595

**Naseej For Technology**  
**(Saudi Joint Stock Company)**  
**Notes To the Interim Condensed Consolidated Financial Statements (Unaudited) - (Continued)**  
**For The Six Months Period Ended 30 June 2023**  
**(All Amounts in Saudi Riyals Unless Otherwise Stated)**

**13. EARNING / (LOSS) PER SHARE**

Basic and diluted loss per share is calculated by dividing the profit for the period attributable to ordinary equity holders of the parent company by the weighted average number of ordinary shares outstanding during the period.

The following table reflects the income and share data used in the basic and diluted income per share computations for the Six-month period ended 30 June:

	<b>30 June 2023 (Unaudited)</b>	<b>30 June 2022 (Unaudited)</b>
Income / (loss) attributable to equity holders of the Parent Company	<b>2,088,078</b>	7,608,456
Weighted average number of ordinary shares (share)	<b>5,000,000</b>	5,000,000
Basic and diluted Income per share (SR)	<b>0.42</b>	1.52

**14. OPERATING SEGMENTS**

**Information about reportable segments**

Information related to each reportable segment is set out below. Segment profit before tax is used to measure performance because management believes that such information is the most relevant in evaluating the results of the respective segments relative to other entities that operate in the same industries.

	<b>30 June 2023 (Unaudited)</b>			
	<b>Reportable segments</b>			
	<b>Knowledge Assets Management Solutions</b>	<b>Education Solutions</b>	<b>E-Solutions</b>	<b>Total</b>
<b>Total revenue</b>	<b>56,753,106</b>	<b>18,531,602</b>	<b>15,584,175</b>	<b>90,868,883</b>
<b>Profit</b>	<b>1,553,311</b>	<b>302,733</b>	<b>434,030</b>	<b>2,290,075</b>
<b>Total assets</b>	<b>145,289,538</b>	<b>28,316,282</b>	<b>40,597,132</b>	<b>214,202,952</b>
<b>Total liabilities</b>	<b>64,667,400</b>	<b>12,603,387</b>	<b>18,069,512</b>	<b>95,340,299</b>
<b>Disaggregation of revenue</b>				
<b>Timing of revenue recognition</b>				
- At point in time	22,116,882	230,912	774,938	23,122,732
- Over a period	34,636,223	18,300,691	14,809,237	67,746,151
<b>Primary geographical markets</b>				
Kingdom of Saudi Arabia	23,685,730	16,603,068	13,289,586	53,578,384
Other GCC countries	26,433,055	635,535	440,812	27,509,402
Other countries	6,634,321	1,292,999	1,853,777	9,781,097
<b>Total</b>	<b>56,753,106</b>	<b>18,531,602</b>	<b>15,584,175</b>	<b>90,868,883</b>



**Naseej For Technology**  
**(Saudi Joint Stock Company)**  
**Notes To the Interim Condensed Consolidated Financial Statements (Unaudited) - (Continued)**  
**For The Six Months Period Ended 30 June 2023**  
**(All Amounts in Saudi Riyals Unless Otherwise Stated)**

**14- OPERATING SEGMENTS (CONTINUED)**

	<b>30 June 2022 (Unaudited)</b>			
	<b>Reportable segments</b>			
	Knowledge Assets Management Solutions	Education Solutions	E-Solutions	Total
<b>Total revenue</b>	46,727,688	17,240,000	30,885,438	<b>94,853,126</b>
<b>Profit</b>	3,794,686	1,393,967	2,555,605	<b>7,744,258</b>
<b>Total assets</b>	91,642,331	33,664,530	61,718,304	<b>187,025,165</b>
<b>Total liabilities</b>	41,745,103	15,334,936	28,114,050	<b>85,194,089</b>
Disaggregation of revenue				
Timing of revenue recognition				
- At point in time	21,427,573	1,451,028	639,480	23,518,081
- Over a period	25,300,115	15,788,972	30,245,958	71,335,045
Primary geographical markets				
Kingdom of Saudi Arabia	13,380,705	14,622,082	30,066,830	58,069,617
Other GCC countries	30,227,714	1,617,043	588,388	32,433,145
Other countries	3,119,269	1,000,875	230,220	4,350,364
<b>Total</b>	<b>46,727,688</b>	<b>17,240,000</b>	<b>30,885,438</b>	<b>94,853,126</b>

**15. CONTINGENT LIABILITIES**

As of 30 June 2023, the Group has letters of guarantee amounting to SR 24.8 million (31 December 2022: SR 18.7 million).

**16. FAIR VALUE AND FAIR VALUE HIERARCHY**

The Group measures financial instruments, such as equity-accounted investees at fair value at each 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:

All assets and liabilities for which fair value is measured or disclosed in the 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.

Naseej For Technology  
(Saudi Joint Stock Company)  
Notes To the Interim Condensed Consolidated Financial Statements (Unaudited) - (Continued)  
For The Six Months Period Ended 30 June 2023  
(All Amounts in Saudi Riyals Unless Otherwise Stated)

**16- FAIR VALUE AND FAIR VALUE HIERARCHY (CONTINUED)**

Categories of financial assets and liabilities as at 30 June 2023

30 June 2023 (Unaudited)	Carrying amount		Total Carrying amount	Fair value			Total Fair value	Total
	Financial instruments – FVTPL	Financial instruments at amortized cost		Level 1	Level 2	Level 3		
<b>Financial assets measured at fair value</b>								
<b>Current:</b>								
Trade receivables	-	83,901,951	83,901,951	-	-	-	-	83,901,951
Prepayments and other debit balances	-	9,825,213	9,825,213	-	-	-	-	9,825,213
Contract Assets	-	62,896,184	62,896,184	-	-	-	-	62,896,184
Due from related parties	-	426,385	426,385	-	-	-	-	426,385
Cash and cash equivalents	-	16,121,436	16,121,436	-	-	-	-	16,121,436
<b>Total financial assets</b>	-	173,171,169	173,171,169	-	-	-	-	173,171,169
<b>Financial liabilities</b>								
<b>Current:</b>								
Short term loans	-	9,554,285	9,554,285	-	-	-	-	9,554,285
Contract liabilities	-	28,832,161	28,832,161	-	-	-	-	28,832,161
Trade payable	-	20,393,629	20,393,629	-	-	-	-	20,393,629
Accruals and other credit balances	-	4,538,393	4,538,393	-	-	-	-	4,538,393
<b>Total financial liabilities</b>	-	63,318,468	63,318,468	-	-	-	-	63,318,468

Categories of financial assets and liabilities as at 31 December 2022

31 December 2022 (Unaudited)	Carrying amount		Total Carrying amount	Fair value			Total Fair value	Total
	Financial instruments – FVTPL	Financial instruments at amortized cost		Level 1	Level 2	Level 3		
<b>Financial assets measured at fair value</b>								
<b>Current:</b>								
Trade receivables	-	92,095,453	92,095,453	-	-	-	-	92,095,453
Prepayments and other debit balances	-	12,456,402	12,456,402	-	-	-	-	12,456,402
Contract Assets	-	55,029,188	55,029,188	-	-	-	-	55,029,188
Due from related parties	-	545,875	545,875	-	-	-	-	545,875
Cash and cash equivalents	-	29,003,737	29,003,737	-	-	-	-	29,003,737
<b>Total financial assets</b>	-	189,130,655	189,130,655	-	-	-	-	189,130,655
<b>Financial liabilities</b>								
<b>Current:</b>								
Short term loans	-	10,089,610	10,089,610	-	-	-	-	10,089,610
Contract liabilities	-	30,734,870	30,734,870	-	-	-	-	30,734,870
Trade payable	-	23,118,297	23,118,297	-	-	-	-	23,118,297
Accruals and other credit balances	-	13,172,595	13,172,595	-	-	-	-	13,172,595
<b>Total financial liabilities</b>	-	77,115,372	77,115,372	-	-	-	-	77,115,372



## 17. FINANCIAL INSTRUMENTS – RISK MANAGEMENT

The Group is exposed through its operations to the following financial risks:

- Credit risk
- Foreign exchange risk
- Market risk
- Equity price risk
- Liquidity risk

In common with all other businesses, the Group is exposed to risks that arise from its use of financial instruments. This note describes the Group's objectives, policies and processes for managing those risks and the methods used to measure them. Further quantitative information in respect of these risks is presented throughout these consolidated financial statements.

There have been no substantive changes in the Group's exposure to financial instrument risks, its objectives, policies and processes for managing those risks or the methods used to measure them from previous periods unless otherwise stated in this note.

### Principal financial instruments

The principal financial instruments used by the Group, from which financial instrument risk arises, are as follows:

- Trade receivable
- Prepayments and other debit balances
- Cash and cash equivalents
- Trade payables
- Accruals and other credit balances
- Related party balances

### Fair value and fair value hierarchy

The Group measures financial instruments, such as equity accounted investees at fair value at each 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 considers 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.

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

Naseej For Technology  
(Saudi Joint Stock Company)  
Notes To the Interim Condensed Consolidated Financial Statements (Unaudited) - (Continued)  
For The Six Months Period Ended 30 June 2023  
(All Amounts in Saudi Riyals Unless Otherwise Stated)

**17- FINANCIAL INSTRUMENTS – RISK MANAGEMENT – (Continued)**

**Financial instruments by category as at 30 June 2023**

	Carrying amount		Total Carrying amount
	Financial instruments – FVTPL	Financial instruments at amortized cost	
<b>30 June 2023 (Unaudited)</b>			
<b>Financial assets measured at fair value</b>			
<b>Current:</b>			
Trade receivables	-	83,901,951	83,901,951
Prepayments and other debit balances	-	9,825,213	9,825,213
Contract Assets	-	62,896,184	62,896,184
Due from related parties	-	426,385	426,385
Cash and cash equivalents	-	16,121,436	16,121,436
<b>Total financial assets</b>	-	173,171,169	173,171,169
<b>Financial liabilities</b>			
<b>Current:</b>			
Short term loans	-	9,554,285	9,554,285
Contract liabilities	-	28,832,161	28,832,161
Trade payable	-	20,393,629	20,393,629
Accruals and other credit balances	-	4,538,393	4,538,393
<b>Total financial liabilities</b>	-	63,318,468	63,318,468

**Financial instruments by category as at 31 December 2022**

	Carrying amount		Total Carrying amount
	Financial instruments – FVTPL	Financial instruments at amortized cost	
<b>31 December 2022 (Unaudited)</b>			
<b>Financial assets measured at fair value</b>			
<b>Current:</b>			
Trade receivables	-	92,095,453	92,095,453
Prepayments and other debit balances	-	12,456,402	12,456,402
Contract Assets	-	55,029,188	55,029,188
Due from related parties	-	545,875	545,875
Cash and cash equivalents	-	29,003,737	29,003,737
<b>Total financial assets</b>	-	189,130,655	189,130,655
<b>Financial liabilities</b>			
<b>Current:</b>			
Short term loans	-	10,089,610	10,089,610
Contract liabilities	-	30,734,870	30,734,870
Trade payable	-	23,118,297	23,118,297
Accruals and other credit balances	-	13,172,595	13,172,595
<b>Total financial liabilities</b>	-	77,115,372	77,115,372



## **17- FINANCIAL INSTRUMENTS – RISK MANAGEMENT – (Continued)**

### **Financial instruments not measured at fair value.**

Financial instruments not measured at fair value include cash and cash equivalents, trade and other receivables, trade and other payables, lease liabilities and related party balances. Due to the short-term nature, the carrying value of these financial instruments approximates their fair value.

There were no transfers between levels during the period.

### **General objectives, policies and processes**

The Board has overall responsibility for the determination of the Group's risk management objectives and policies. The Board receives quarterly reports from the Group's finance department through which it reviews the effectiveness of the processes put in place and the appropriateness of the objectives and policies it sets.

The overall objective of the Board is to set policies that seek to reduce risk as far as possible without unduly affecting the Group's competitiveness and flexibility. Further details regarding these policies are set out below:

### **Credit risk**

Credit risk is the risk of financial loss to the Group if a customer or counterparty to a financial instrument fails to meet its contractual obligations. The Group is mainly exposed to credit risk from credit sales. It is Group's policy, implemented locally, to assess the credit risk of new customers before entering contracts.

Credit risk also arises from cash and cash equivalents held with banks, financial investments and related parties. For banks and financial institutions, only independently rated parties with minimum rating "A" are accepted.

The Group's maximum exposure to credit risk is limited to the carrying amount of financial assets recognized at the reporting date, as summarized below:

	<u>30 June 2023</u>	<u>31 December 2022</u>
Due from related parties	426,385	545,875
Trade receivables	83,901,951	92,095,453
Contract Assets	62,896,184	55,029,188
Prepayments and other debit balances	9,825,213	12,456,402
Cash and cash equivalents	16,121,436	29,003,737
	<u>173,171,169</u>	<u>189,130,655</u>

### **Foreign currency risk**

Currency risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates. The Group's functional and reporting currency is the Saudi Riyal. The Group's transactions are principally in Saudi Riyals, US Dollars. Management monitors the fluctuations in currency exchange rates and believes that the currency risk is not significant. The bulk of the exposure is in USD and the Saudi Riyal is pegged at SAR 3.75: USD 1 therefore, the Group is not exposed to any risk from USD denominated financial instruments.

### **Market risk**

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risk comprises three types of risk: interest rate risk, currency risk and other price risk, such as equity price risk and commodity risk.



## 17- FINANCIAL INSTRUMENTS – RISK MANAGEMENT – (Continued)

### Equity price risk

The Group's listed and unlisted equity securities are susceptible to market price risk arising from uncertainties about future values of the financial instrument. The Group manages the equity price risk through diversification and by placing limits on individual and total equity instruments. Reports on the equity portfolio are submitted to the Group's senior management on a regular basis. The Group's Board of Directors reviews and approves all equity investment decisions.

### Liquidity risk

- Liquidity risk is the risk that the Group will encounter difficulty in meeting the obligations associated with its financial liabilities that are settled by delivering cash or another financial asset. The Group's approach to managing liquidity by monitoring on a regular basis that sufficient funds and banking and other credit facilities are available to ensure, as far as possible, that it will have sufficient liquidity to meet its liabilities when they are due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Group's reputation. The Group seeks continuously to comply with its legal obligations, including any, relating to its financing agreements.
- Liquidity risk is managed by monitoring on a regular basis that sufficient funds and banking and other credit facilities are available to meet the Group's future commitments.
- The management monitors the rolling forecasts of liquidity and expected cash flows at the Group level. In addition, the liquidity management policy of the Group includes forecasting cash flows and considering the level of liquid assets necessary to meet them, monitoring liquidity rates in the financial position and debt financing plans.
- The following are the contractual maturities of the financial liabilities at the end of the reporting period. Amounts are shown in total and not discounted:

Saudi Riyals	Carrying Amount	Cash Flow Outgoing	Less Than A Year	More Than a Year
<b>30 June 2023</b>				
Employees' Defined Benefit Liabilities	26,013,336	(26,013,336)	-	(26,013,336)
Lease Liabilities	763,233	(763,233)	(349,813)	(413,420)
Short Term Loans	9,554,285	(9,554,285)	(9,554,285)	-
Zakat And Income Tax Provision	2,083,040	(2,083,040)	(2,083,040)	-
Trade Payables	20,393,629	(20,393,629)	(20,393,629)	-
Accruals And Other Liabilities	7,700,615	(7,700,615)	(7,700,615)	-
	<b>66,508,138</b>	<b>(66,508,138)</b>	<b>(40,081,382)</b>	<b>(26,426,756)</b>
	Carrying Amount	Cash Flow Outgoing	Less Than a Year	More Than a Year
<b>Saudi Riyals</b>				
<b>31 December 2022</b>				
Employees' Defined Benefit Liabilities	25,130,547	(25,130,547)	-	(25,130,547)
Lease Liabilities	1,045,459	(1,045,459)	(671,709)	(737,750)
Short Term Loans	10,089,610	(10,089,610)	(10,089,610)	-
Zakat And Income Tax Provision	3,974,303	(3,974,303)	(3,974,303)	-
Trade Payables	23,118,297	(23,118,297)	(23,118,297)	-
Accruals And Other Liabilities	13,172,595	(13,172,595)	(13,172,595)	-
	<b>76,530,811</b>	<b>(76,530,811)</b>	<b>(51,026,514)</b>	<b>(25,868,297)</b>

## **17-FINANCIAL INSTRUMENTS – RISK MANAGEMENT – (Continued)**

### **Current versus non-current classification**

The Group presents assets and liabilities in the statement of financial position based on current/non-current classification.

- Expected to be realised or intended to sell or consumed in the normal operating cycle.
- Held primarily for the purpose of trading.
- Expected to be realised within twelve months after the reporting period; or
- Cash or cash equivalent unless restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period.
- All other assets are classified as non-current.

A liability is current when:

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

## **18- IMPORTANT EVENTS**

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 26/6/1444H (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 management is in process of assessing the impact of New Companies Law and will amend its By-Laws for any changes to align the Articles to the provisions of the Law. Consequently, the Branch shall present the amended By-Laws to the head office for its ratification.

## **19- SUBSEQUENT EVENTS**

There are no subsequent events that require disclosure or amendments to the accompanying interim condensed consolidated financial statement.

## **20- COMPARATIVE NUMBERS**

The comparative figures for the previous period have been modified to correspond with the figures of the current period.

## **21- APPROVAL OF THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS**

The interim condensed consolidated financial statements have been approved by the board of directors on 29 Muharram 1445H corresponding to 16 August 2023G.