ARAB SEA INFORMATION SYSTEMS COMPANY
(A SAUDI JOINT STOCK COMPANY)
CONSOLIDATED FINANCIAL STATEMENTS
TOGETHER WITH THE INDEPENDENT AUDITOR'S REPORT
FOR THE YEAR ENDED DECEMBER 31, 2024

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(A SAUDI JOINT STOCK COMPANY)
CONSOLIDATED FINANCIAL STATEMENTS
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INDEPENDENT AUDITOR'S REPORT

TO THE **SHAREHOLDERS OF**
ARAB SEA INFORMATION SYSTEMS COMPANY
(A Saudi Joint Stock Company)

Qualified Opinion:
We have audited the consolidated financial statements of **Arab Sea Information Systems Company** (a Saudi joint-stock company) (the "**Company**") and its subsidiaries (collectively referred to as the "**Group**"), which comprise the consolidated statement of financial position as at December 31, 2024, and the consolidated statements of profit or loss, other comprehensive income, changes in equity, and cash flows for the year then ended, and notes to the consolidated financial statements, including summary of material on accounting policies, and other explanatory information.

In our opinion, except for the potential effects of the matters described in the "Basis for Qualified Opinion" section of our report, the consolidated financial statements fairly present, in all material respects, the consolidated financial position of the Group as at December 31, 2024, and its consolidated financial performance and cash flows for the year then ended, in accordance with the International Financial Reporting Standards (IFRS) as adopted in the Kingdom of Saudi Arabia, and other standards and pronouncements issued by the Saudi Organization for chartered and professional Accountants ("SOCPA").

Basis for Qualified Opinion:
Management has conducted an impairment test for the intangible assets of Arab Sea Information Systems Company, which had a net carrying value of SAR116.2 million as at December 31, 2024 (December 31, 2023: SAR119.4 million). Due to the lack of sufficient and reliable information and data supporting these assumptions, we were unable to obtain adequate and appropriate audit evidence regarding the reasonableness of the assumptions used, or to verify the accuracy of the recoverable amount of these assets. Accordingly, we were unable to determine whether an impairment of these assets should be recognized and the impact of that on the accompanying consolidated financial statements.

We conducted our audit in accordance with the International Standards on Auditing as adopted in the Kingdom of Saudi Arabia. Our responsibilities under those standards are further explained in the section "Auditor's Responsibilities for the Audit of the Consolidated Financial Statements" in our report. We are independent of the Group in accordance with the International Code of Ethics for Professional Accountants as adopted in the Kingdom of Saudi Arabia, and relevant to our audit of the consolidated financial statements. We have also fulfilled our other ethical responsibilities in accordance with that code. In our opinion, the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

ALKHARASHI & CO. CERTIFIED ACCOUNTANTS AND AUDITORS - PARTNERSHIP COMPANY - C.R : 1010327044
MEMBER OF FORVIS MAZARS

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INDEPENDENT AUDITOR'S REPORT(CONTINUED)

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements of the current period. These matters were addressed in the context of our audit of the consolidated financial statements, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. For each key audit matter, a description of how our audit addressed the matter is set out below:

Key audit matters	Procedures performed on key audit matters
Impairment test value of intangible assets The net book value of intangible assets as at December 31, 2024, amounted to SAR 120.4 million (December 31, 2023: SAR 125.4 million). The Group conducts an annual impairment test to assess the recoverable amounts of intangible assets. For the purpose of impairment assessment, the value-in-use model was used to determine the recoverable amount by discounting the future cash flows related to each cash-generating unit and comparing them to their respective carrying values. The value-in-use model requires several key assumptions, including estimates of future sales volumes, prices, operating costs, terminal values, and growth and discount rates. The impairment test of intangible assets was identified as a key audit matter due to the judgments and assumptions involved in the impairment assessment procedures. Please refer to note (3-4-1) of the consolidated financial statements regarding material information on accounting policies related to the impairment of intangible assets, and note (7) for the disclosure of the impairment.	We have performed the following procedures in this area, among others: • Evaluated the design, implementation, and tested the effectiveness of key controls related to the Group's impairment assessment procedures for intangible assets, as well as assessed the key assumptions used. • Reviewed and evaluated the impairment assessment of intangible assets prepared by an independent certified valuer. • Engaged our specialists to test the key assumptions used in calculating the value in use. We also assessed the reasonableness of the key assumptions related to the estimated future cash flows. • Verified the accuracy and completeness of the information provided by management, which was used as the basis for the impairment assessment. • Conducted a sensitivity analysis of the key assumptions to determine the extent of changes required to result in an impairment of intangible assets. • Evaluated the adequacy of the disclosures made by the Group regarding intangible assets, considering the requirements of the relevant accounting standards.

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INDEPENDENT AUDITOR'S REPORT (CONTINUED)

Other information included in the Group's annual report for the year ended 31 December 2024
Other information comprises the information included in the group annual report for the year ended 31 December 2024, other than the consolidated financial statements and the auditor's report thereon Management is responsible for the other information.

Our opinion on the consolidated financial statements does not cover other information and we do not and will not express any form of assurance conclusion thereon. In our audit of the consolidated financial statements, it is our responsibility to read the other information described above. In doing so, we consider whether the other information is not materially consistent with the consolidated financial statements or knowledge obtained in the audit, or otherwise appears to be materially misstated.

When we read the annual report, if available to us, 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 International Financial Reporting Standards (IFRSs) that are endorsed in the Kingdom of Saudi Arabia and other standards and pronouncements issued by SOCPA, and the applicable requirements of the regulations for companies and the Company's By-laws, 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, the Board of Directors, 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 ISAs that are endorsed in the Kingdom of Saudi Arabia will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.
As part of an audit in accordance with ISAs that are endorsed in the Kingdom of Saudi Arabia, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

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INDEPENDENT AUDITOR'S REPORT(CONTINUED)

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

- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and 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 consolidated financial information or commercial activities within the Group, to express an opinion on the consolidated financial statements. We are responsible for directing, supervising, and implementing the Group audit process. We remain solely responsible for the 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, related safeguards.

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 year 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.

For Al-Kharashi & Co.

Abdullah S. AlMsned
CA License No. (456)

Riyadh:
Shawwal 12,1446H
April 10,2025G

الخراشي وشركاه
محاسبون و مراجعون قانونيون
س.ت: 1010327044 C.R.:
Certified Accountants & Auditors
AL-Kharashi Co.

ARAB SEA INFORMATION SYSTEMS COMPANY
(A SAUDI JOINT STOCK COMPANY)
CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT DECEMBER 31, 2024
(All amounts are in Saudi Riyals unless otherwise stated)

	Note	As at December 31, 2024	As at December 31, 2023
ASSETS			
Non-current assets			
Property, plant and equipment, net	6	65,844,179	3,877,863
Intangible assets, net	7	120,402,100	125,372,395
Total non-current assets		**186,246,279**	**129,250,258**
Current assets			
Inventories, net	8	799,561	1,272,926
Trade receivable, net	9	10,012,232	12,821,680
Prepayments and other debit balances	10	2,307,167	2,098,983
Cash and cash equivalents	11	3,377,329	3,670,756
Total current assets		**16,496,289**	**19,864,345**
TOTAL ASSETS		**202,742,568**	**149,114,603**
EQUITY AND LIABILITIES			
Equity			
Share capital	13	100,000,000	100,000,000
Statutory reserve		-	-
Retained earnings		9,722,016	27,044,393
Additional contributions from a shareholder		12,136,625	-
Total equity		**121,858,641**	**127,044,393**
Liabilities			
Non-current liabilities			
Employees' defined benefits obligations	14	6,061,906	5,619,039
Long term liabilities to a shareholder - Non-current	15	46,963,375	-
Total non-current liabilities		**53,025,281**	**5,619,039**
Current liabilities			
Contract liabilities	16	2,234,876	1,795,267
Long term liabilities to a shareholder - Current	15	5,900,000	-
Trade payable		2,050,902	2,122,771
Due to related parties	12	3,142,894	3,982,969
Accrued expenses and other credit liabilities	17	14,396,079	7,578,563
Zakat provision	18	133,895	971,601
Total current liabilities		**27,858,646**	**16,451,171**
Total liabilities		**80,883,927**	**22,070,210**
TOTAL EQUITY AND LIABILITIES		**202,742,568**	**149,114,603**

Chief financial officer	Chief executive officer	Member of the Board of Directors
		

The notes form an integral part of these consolidated financial statements

ARAB SEA INFORMATION SYSTEMS COMPANY
(A SAUDI JOINT STOCK COMPANY)
CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
FOR THE YEAR ENDED DECEMBER 31, 2024
(All amounts are in Saudi Riyals unless otherwise stated)

	Note	For The year ended December 31, 2024	2023
Revenue	19	43,308,196	41,170,429
Cost of revenue	20	(25,772,583)	(20,486,686)
Gross profit		**17,535,613**	**20,683,743**
Operation expenses:			
Selling and marketing expenses	21	(11,267,359)	(11,820,710)
General and administrative expenses	22	(16,572,680)	(13,762,005)
Impairment in value of intangible assets	7	(4,526,154)	-
Impairment in value of trade receivables	9	(3,217,696)	(3,900,000)
Loss from operations		**(18,048,276)**	**(8,798,972)**
Other income		500,032	34,904
Provision no long required	18	260,069	-
Finance cost	23	(266,815)	(206,387)
Loss before zakat for the year		**(17,554,990)**	**(8,970,455)**
Zakat	18	(145,051)	(799,889)
Net Loss for the year		**(17,700,041)**	**(9,770,344)**
Other comprehensive income			
Item of other comprehensive income that are not subsequently reclassified to profit or loss:			
Profit from Re-measurement of employees' defined benefits	14	377,664	531,943
Total comprehensive loss for the year		**(17,322,377)**	**(9,238,401)**
Loss per share (Saudi Riyals)	24		
Basic and diluted loss per share from net loss for the year.		**(0.18)**	**(0.09)**

Chief financial officer	Chief executive officer	Member of the Board of Directors

ARAB SEA INFORMATION SYSTEMS COMPANY
(A SAUDI JOINT STOCK COMPANY)
CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED DECEMBER 31, 2024
(All amounts are in Saudi Riyals unless otherwise stated)

	Share capital	Statutory reserve	Retained earnings	Additional contributions from a shareholder	Total equity
Balance as at January 1, 2023	100,000,000	16,501,562	19,781,232	-	136,282,794
Net loss for the year	-	-	(9,770,344)	-	(9,770,344)
Other comprehensive income for the year	-	-	531,943	-	531,943
Total comprehensive loss for the year	-	-	**(9,238,401)**	-	**(9,238,401)**
Transfer statutory reserve balance to retained earnings	-	(16,501,562)	16,501,562	-	
Balance as at December 31, 2023	**100,000,000**	-	**27,044,393**	-	**127,044,393**
Net loss for the year	-	-	(17,700,041)	-	(17,700,041)
Other comprehensive income for the year	-	-	377,664	-	377,664
Total comprehensive loss for the year	-	-	**(17,322,377)**		**(17,322,377)**
Additional contributions from a shareholder	-	-	-	12,136,625	12,136,625
Balance as at December 31, 2024	**100,000,000**	-	**9,722,016**	**12,136,625**	**121,858,641**

Chief financial officer	Chief executive officer	Member of the Board of Directors

The notes form an integral part of these consolidated financial statements

ARAB SEA INFORMATION SYSTEMS COMPANY
(A SAUDI JOINT STOCK COMPANY)
CONSOLIDATED STATEMENTS OF CASH FLOWS
FOR THE YEAR ENDED DECEMBER 31, 2024
(All amounts are in Saudi Riyals unless otherwise stated)

	Note	As at December 31, 2024	2023
Cash flows from operating activities:			
Loss before zakat		(17,554,990)	(8,970,455)
Adjustments for non-cash items:			
Depreciation of property, plant and equipment	6	261,766	188,211
Amortization of intangible assets	7	13,872,962	12,565,596
Impairment in value of trade receivables	9	3,217,696	3,900,000
Slow moving inventory provision	8	450,000	300,000
Gain from disposal of property, plant and equipment		(73,340)	(29,700)
Employee defined benefit obligation expenses	14	790,343	888,209
Finance Cost		266,815	206,387
Impairment in value of intangible assets	7	4,526,154	-
Provision no long required		(260,069)	-
		5,497,337	**9,048,248**
Changes in working capital:			
Inventory		23,365	34,042
Trade receivables, net		(408,248)	(8,282,278)
Prepayments and other debit balances		(208,184)	(1,192,242)
Contract liabilities		439,609	133,245
Trade payables		(71,869)	394,785
Accrued expenses and other credit balances		6,817,516	3,428,522
Due to related parties		5,159,925	3,622,969
		17,249,451	**7,187,291**
Employee defined benefit obligation paid	14	(236,627)	(141,022)
Zakat Paid	18	(722,688)	(785,616)
Net cash flows generated from operating activities		**17,290,136**	**6,260,653**
Cash flows from investing activities:			
Additions to property, plant and equipment	6	(3,228,082)	(657,618)
Proceeds from disposal of property, plant, and equipment		73,340	29,700
Additions to intangible assets	7	(13,428,821)	(11,328,780)
Net cash flows used in investing activities		**(16,583,563)**	**(11,956,698)**
Net change in cash and cash equivalents		(293,427)	(5,696,045)
Cash and cash equivalents at the beginning of the year		3,670,756	9,366,801
Cash and cash equivalents at the end of the year	11	**3,377,329**	**3,670,756**

Supplementary information for non-cash transactions:

Additions to property, plant and equipment against long-term liabilities due to a shareholder and additional contributions from a shareholder	59,000,000	-
Due to related parties against long-term liabilities due to a shareholder and additional contributions from a shareholder	6,000,000	-

Chief financial officer	Chief executive officer	Member of the Board of Directors

The notes form an integral part of these consolidated financial statements

1. Company information:

A. Establishing the company

The Arab Sea Information Systems Company (the "Company") is a Saudi joint stock company established in accordance with the Companies Law applicable in Saudi Arabia, under Ministerial Resolution No. (128/M) dated 14 Rabi' Al-Thani 1429H (corresponding to 20 April 2008) announcing the transformation of Arabian Sea Information Systems Company from a limited liability company to a closed Saudi joint stock company, and the company was registered in Commercial Register No. 1010169116 issued in Riyadh on 27 Jumada II 1422H (corresponding to 15 September 2001).

The company's head office is located in Riyadh Saudi Arabia P.O. Box: 40268 Postal Code: 11499**.**

B. The nature of the company's activity

- Design and programming of special software.
- Providing management and monitoring service for communication and information networks.
- Cybersecurity.
- Repair and maintenance of engines, systems and fixed and portable information storage devices.
- Retail sale of computers and accessories, including (printers and inks thereof).

c. The following are the branches of the company according to commercial registration:

Serial	Name of branch	Commercial Register No.	City/Source
1	Arabian Sea Training Center	1010664109	Riyadh
2	Arab Sea Information Systems Company	1131291891	Buraydah
3	Arab Sea Information Systems Company	2051221240	Khobar
4	Arab Sea Information Systems Company	3550123009	`Tabuk
5	Arab Sea Information Systems Company	4030287742	Jeddah
6	Arab Sea Information Systems Company	5855339644	Khamis Mushatt

D. Fiscal year

The company's fiscal year is twelve months from the beginning of January until the end of December of each Gregorian year.

E. Presentation currency and activity

These consolidated financial statements is presented in Saudi Riyals, which is the functional and presentation currency of the company, all the numbers are rounded to the nearest Saudi Riyals, unless otherwise states.

2. Group information

These consolidated financial statements include the financial statements of Arab Sea Information Systems Company and the consolidated financial statements of the companies controlled by it (subsidiaries) as at 31 December 2024:

Name of subsidiary	Country incorporation	Ownership % as at December 31, 2024	December 31, 2023
Arab Sea Financial Company (*)	Saudi Arabia	100%	100%
Era Data Company for Information Technology (**)	Saudi Arabia	100%	100%

(*) Arab Sea Financial Company – a Sole proprietorship closed joint stock company was established in accordance with the Companies Law in The Kingdom of Saudi Arabia under Commercial Registration No. 1010725510 issued in Riyadh dated on 20 Dhu al-Qa'dah 1442H (corresponding to 30 June 2021) with a capital of SAR 5 million. On 24 Dhu al-Hijjah 1444H (corresponding to 12 July 2023), the company increased its capital from SAR 5 million to SAR 15 million, where the company's main activity in technology is in financial services, under the license of the Saudi Central Bank number 44015864 dated 17/12/1444H (corresponding to 13/09/2022).

(**) Era Data Information Technology- a Sole proprietorship limited liability company was established in accordance with the Companies Law in The Kingdom of Saudi Arabia under Commercial Registration No. 1010778606 issued in Riyadh dated on 6 Rajab 1443H (corresponding to February 7, 2022) with a capital of SAR 5 million, where the company's main activity is registration to provide cloud computing services. During the years ended on December 31, 2024 and 2023, the subsidiary did not engage in any commercial activity mentioned in the Commercial Register.

3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS

3-1 Accounting Standards Applied

These consolidated financial statements have been prepared in accordance with the International Financial Reporting Standards (IFRS) as adopted in the Kingdom of Saudi Arabia and other standards and releases approved by SOCPA (collectively referred to as "the IFRS as adopted in the Kingdom of Saudi Arabia").

3-2 Basis of Measurement

The consolidated financial statements have been prepared on the historical cost basis, except for defined benefit employee obligations, which are measured at the present value of future obligations using the projected unit credit method, and long-term liabilities due to shareholders, which are measured at the present value. Additionally, the consolidated financial statements are prepared using the accrual basis of accounting and the going concern concept.

3-3 Basis of Consolidation of Financial Statements

These consolidated financial statements comprising the consolidated Statement of financial position, consolidated statement of profit or loss and other comprehensive income, consolidated Statement of changes in equity, consolidated statement of cash flows and notes to the consolidated financial statements of the Group include assets, liabilities and the results of the operations of the Company and its subsidiaries, as set out in note (2). The Company and its subsidiaries are collectively referred to as the “Group”.

3 . BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS (Continued)

3-3 Basis of Consolidation of Financial Statements (Continued)

Subsidiaries are entities controlled by the Group. The Group controls an entity when it is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. Subsidiaries are consolidated from the date on which control commences until the date on which control ceases. The Group accounts for the business combinations using the acquisition method when control is transferred to the Group. The consideration transferred in the acquisition is generally measured at fair value, as are the identified net assets acquired and fair value of pre-existing equity interest in the subsidiary. The excess of the cost of acquisition and amount of Non – controlling interest ("NCI") over the fair value of the identifiable net assets acquired is recorded as goodwill in the consolidated Statement of Financial Position. NCI is measured at their proportionate share of the acquiree's identifiable net assets at the date of acquisition. If the business combination is achieved in stages, the acquisition date carrying value of the Group's previously held equity interest in the acquiree is remeasured to fair value at the acquisition date. Any gains or losses arising from such remeasurement are recognized in the consolidated statement of profit or loss. Inter -group balances and transactions, and any unrealized income and expenses arising from Inter -group transactions, are eliminated. Accounting policies of subsidiaries are aligned, where necessary, to ensure consistency with the policies adopted by the Group. The Company and its subsidiaries have the same reporting periods.

3-4 Significant Accounting Judgments and Key Sources of Estimation Uncertainty

The application of material information about accounting policies requires the group to make judgments (other than those involving estimates) that significantly affect the amounts recognized, as well as to make estimates and assumptions regarding the carrying amounts of assets and liabilities that cannot be obtained from other clear sources. These estimates and related assumptions are based on historical experience and other relevant factors. Actual results may differ from these estimates.

The key estimates and assumptions are reviewed continuously. Changes to accounting estimates are recognized in the period in which the estimate is reviewed, if the changes only affect that period, or in the period of the review and future periods if the changes affect both the current and future periods.

3-4-1 The main sources of uncertainty in estimates

The following are the key assumptions related to the future and the main sources of uncertainty in estimates during the reporting period, which involve significant risks that could cause material adjustments to the carrying amounts of assets and liabilities during the next fiscal year.

A. Impairment testing of non-financial assets

An annual impairment test is conducted for indefinite-life assets, while impairment testing for finite-life assets is performed if events or changes in circumstances indicate that the carrying amount of the asset may not be recoverable.

Impairment testing is an area that involves management estimates and requires, among other things, an evaluation to determine whether the carrying amount of assets can be supported by the net present value of future cash flows derived from those assets, using discounted future cash flow projections at an appropriate rate. In calculating the net present value of future cash flows, certain assumptions must be made regarding matters that are highly uncertain,

3 . BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS (Continued)

3-4-1 The main sources of uncertainty in estimates (Continued)

A. Impairment testing of non-financial assets (Continued)

including management's expectations regarding the following:

- Growth in earnings before interest, zakat, depreciation, and amortization, calculated as operating profit adjusted for depreciation and amortization,
- Timing and magnitude of future capital expenditures,
- Long-term growth rates, and
- Selection of discount rates that reflect the risks involved.

Changes in the assumptions selected by management, especially the discount rate and growth rate assumptions used in future cash flow projections, can significantly affect the impairment assessment of the group and, consequently, the results.

B. Estimating Useful Life and Residual Value

The useful life used for amortizing or depreciating intangible assets or property and equipment, respectively, is related to the expected future performance of the acquired assets and management's judgment based on the technical evaluation of the period over which the economic benefits of the asset are expected to be realized. Depreciation is calculated after estimating the expected useful life of the asset and the expected residual value at the end of its life. The expected residual value of the asset has a direct impact on the depreciation charge in the consolidated comprehensive income statement.

The useful lives and residual values of the group's assets are determined by management based on a technical evaluation at the time of asset acquisition and are reviewed annually to ensure their appropriateness. These are based on historical experience with similar assets and also consider future events that may impact the assets' lives, such as changes in technology.

C. Uncertain Zakat Positions

The current zakat liability for the group relates to the management's assessment of the zakat due on open zakat assessments, where the group has yet to reach an agreement with the Zakat, Tax and Customs Authority on the final amounts of the obligations. Due to the uncertainty associated with these zakat items, the final outcome may differ significantly when the final assessments are issued by the Zakat, Tax, and Customs Authority in future periods.

D. Measuring Impairment in value of Trade Receivables

The group uses reasonable and supportable forward-looking information when measuring the impairment of trade receivables. This is based on assumptions regarding future changes in various economic factors and how these factors will interact with each other.

Expected credit losses are an estimate of the losses resulting from default. This is based on the difference between the contractual cash flows due and the cash flows that the lender expects to receive, taking into account cash flows from collateral and credit enhancements that form an integral part of the amounts due.

The probability of default is a key input in measuring expected credit losses. The probability of default is an estimate of the likelihood of default occurring over a specific period, which is calculated based on historical data, assumptions, and forecasts for future conditions.

E. Discount Rate Used to Determine the Book Value of Employee Benefit Obligations

The determination of employee benefit obligations is based on certain assumptions, one of which is the selection of the discount rate. The discount rate is determined by referencing market yields on high-quality corporate bonds at the end of the reporting period. Significant assumptions must be made when identifying the criteria for the source of uncertainty in estimates, including the bonds to be included in the market from which the yield curve is derived. These assumptions are important because even slight changes in the assumptions used can have a significant impact on the group’s consolidated financial statements in the next financial year. Additional information is provided regarding the book values of the employee benefit obligations and the sensitivity of these amounts to changes in the discount rate.

4. CHANGES IN ACCOUNTING POLICIES:

4.1 New standards, amendments and interpretations

The group adopted the following new standards and amendments for the first time in its annual reports starting from January 1, 2024:

4.1.1 Amendments to International Financial Reporting Standard (IFRS) 16 - Lease Liabilities in Sale and Leaseback Transactions:

These amendments include requirements for sale and leaseback transactions in International Financial Reporting Standard (IFRS) 16 to clarify how a group should account for sale and leaseback transactions after the transaction date. Sale and leaseback transactions where some or all lease payments are considered variable lease payments based on an index or rate that is highly likely to be affected.

4.1.2 Amendments to International Accounting Standard (IAS) 1 - Non-current Liabilities with Covenants and Classification of Liabilities as Current or Non-current:

These amendments clarify how compliance with conditions that a group must meet within twelve months after the reporting period affects the classification of liabilities. These amendments also aim to improve the information provided by the company regarding liabilities subject to these conditions.

4.1.3 Amendments to International Accounting Standard (IAS) 7 and International Financial Reporting Standard (IFRS) 7 – Supplier Financing Arrangements:

These amendments require disclosures to enhance the transparency of supplier financing arrangements and their effects on the group liabilities, cash flows, and exposure to liquidity risks.

The adoption of the above-mentioned amendments had no material impact on the consolidated financial statements during the year.

4.2 Standards issued but not yet effective

The following is a statement of new standards and amendments to the standards that are effective for years beginning on or after January 1, 2025, with early adoption permitted, but the company has not applied them in the preparation of these consolidated financial statements. The group is currently evaluating the impact of applying these standards to its consolidated financial statements.

4.2.1 Amendments to International Accounting Standard (IAS) 27 – Inability to convert:

The entity is affected by the amendments when it has a transaction or operation in a foreign currency that is not convertible into another currency at the measurement date for a specific purpose.

4.2.2 Amendments to International Financial Reporting Standard (IFRS) 9 and International Accounting Standard (IAS) 7 - Classification and Measurement of Financial Instruments:

Amendments:

- Clarifying the timing requirements for recognizing and derecognizing certain financial assets and liabilities, with a new exception for certain financial liabilities settled through an electronic cash transfer system.
- Providing further guidance and additional instructions for evaluating whether a financial asset meets the criterion of being solely for payments of principal and interest.
- Introducing new disclosures for certain instruments with contractual features that may alter cash flows (such as instruments with features tied to achieving environmental, social, and governance (ESG) goals).
- Updating disclosures for equity instruments measured at fair value through other comprehensive income.

4. CHANGES IN ACCOUNTING POLICIES (continued):

4.2.3 International Financial Reporting Standard (IFRS) 18, "Presentation and Disclosure in consolidated Financial Statements:

The new standard for presentation and disclosure in consolidated financial statements which becomes effective on or after 1 January 2027, with a focus on updates to the income statement. The main new concepts introduced in International Financial Reporting Standard (IFRS) 18 include the following:

- The structure of the income statement.
- Required disclosures in the consolidated financial statements for certain profit or loss performance measures reported outside the consolidated financial statements of the entity (performance measures defined by management).
- Strengthening the principles of aggregation and classification that apply to the primary consolidated financial statements and the accompanying notes in general.

5. Material Accounting Policies

Below are the significant accounting policies used by the Group in the preparation of these consolidated financial statements:

Classification of Assets and Liabilities as Current or Non-Current:

The group presents assets and liabilities in the consolidated statement of financial position based on their classification as current or non-current.

- An asset is classified as current if:

- It is expected to be realized or is intended to be sold or consumed during the normal operating cycle.
- It is held primarily for trading.
- It is expected to be realized within 12 months after the date of the consolidated statement of financial position.
- It is cash or cash equivalents, unless restricted from being exchanged or used to settle a liability for at least 12 months after the date of the consolidated statement of financial position.

All other assets are classified as non-current.

- A liability is classified as current if:

- It is expected to be settled during the normal operating cycle.
- It is held primarily for trading.
- It is expected to be settled within 12 months after the date of the consolidated statement of financial position.
- There is no unconditional right to defer settlement of the liability for at least 12 months after the date of the consolidated statement of financial position.

All other liabilities are classified as non-current.

5 . Material Accounting Policies (continued):

Measurement of Fair Value:

The group measures financial instruments at fair value as at the date of each consolidated statement of financial position. Fair value is the amount that can be received when selling an asset or settled when settling a liability between two parties in a commercial transaction at the measurement date.

-Fair value measurement is determined based on the assumption that the sale of assets or settlement of liabilities will occur 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 group must have the ability to use/access the principal market or the most advantageous market.

Fair value for assets or liabilities is measured using assumptions that market participants would use when pricing assets and liabilities, assuming they are aiming to maximize their economic benefits.

When measuring the fair value of non-financial assets, the group considers the ability of market participants to generate economic benefits from the asset by its best and highest use or by selling it to other market participants who would use the asset in its best and highest use. The group uses appropriate valuation techniques for the circumstances, using the available inputs to measure the fair value, maximizing the use of observable inputs and minimizing the use of unobservable inputs as much as possible.

All assets and liabilities measured at fair value or disclosed in the consolidated financial statements are classified according to the fair value hierarchy, which is outlined below based on the lowest level of significant inputs used to measure the fair value as a whole:

- Level 1: Unadjusted quoted prices in active markets for identical assets or liabilities.
- Level 2: Valuation techniques that use observable inputs, either directly or indirectly.
- Level 3: Valuation techniques that use inputs that are not observable.

For assets and liabilities that are regularly measured at fair value in the consolidated financial statements, the group determines if there has been a transfer between fair value hierarchy levels by reassessing the classification (based on the lowest level of significant inputs used to measure fair value as a whole) at the end of each fiscal year.

Foreign Currencies

Transactions and Balances:

Foreign currency transactions are initially recorded at the exchange rate of the functional currency on the date the transaction qualifies for recognition. Foreign currency monetary assets and liabilities are then retranslated into the functional currency at the exchange rate prevailing at the date of the consolidated financial statements. All differences arising from settlement or transactions of monetary items are recorded in the consolidated statement of comprehensive income. Non-monetary items that are measured at historical cost in foreign currencies are translated at the exchange rate prevailing at the date of the transaction. Non-monetary items in foreign currencies that are measured at fair value are translated at the exchange rate prevailing on the date the fair value is determined. The gains or losses resulting from the translation of non-monetary items that are measured at fair value are accounted for in accordance with the recognition of the gains and losses arising from changes in the fair value of that item. (That is, translation differences for items that are recognized in the statement of comprehensive income due to fair value changes are recognized in other comprehensive income, and items that are recognized in profit or loss for fair value changes are recognized in the statement of comprehensive income).

5 . Fundamental Accounting Policies (continued):

Property, Plant, and Equipment:

Property, plant, and equipment are recorded at cost, less accumulated depreciation and/or accumulated impairment losses, if any. Projects under construction or land (if any) are not depreciated. The cost of the replaced part of property, plant, and equipment includes borrowing costs for long-term construction projects if the recognition criteria are met. When significant parts of property, plant, and equipment are replaced at certain intervals, the group recognizes these parts as individual assets with specific useful lives and depreciation periods. All other repair and maintenance costs are recognized in the consolidated statement of comprehensive income when incurred.
Depreciation is calculated using the straight-line method based on the estimated useful life of the assets, over the following years:

Asset Category	Depreciation in Years
Buildings	33
Vehicles	4
Office Equipment and Computers	10
Furniture and Fixtures	10
Tools and Equipment	5
Leasehold Improvements	10 years or the lease term, whichever is shorter

The recognition of any item within property, plant, and equipment is removed when it is disposed of or when no future economic benefits are expected from its use or sale. Any gain or loss arising from the derecognition of an asset (calculated as the difference between the net proceeds from disposal and the asset's carrying value) is recognized in the consolidated statement of comprehensive income at the time of derecognition.
The residual value, useful lives, and depreciation methods of property, plant, and equipment are reviewed at the end of each financial year, and adjustments are made prospectively, if necessary.

Projects under construction

Assets that are still in the construction or development stage are capitalized under "projects under construction." An asset under construction or development is transferred to the appropriate category of property, plant, and equipment when it is in place and/or in the necessary condition to enable it to operate in the manner intended by management. The cost of a project under construction includes the purchase price, construction/development costs, and any costs directly attributable to the creation or acquisition of the asset by management.
Finance costs related to qualifying assets are capitalized as part of the cost of the qualifying assets until commercial production begins. Projects under construction are measured at cost less any impairment that has been recognized. Projects under construction are not depreciated until the assets are capable of operating as intended by management after being transferred to the appropriate asset category.

Intangible assets

Intangible assets acquired separately are initially recognized at cost. After initial recognition, intangible assets are shown at cost less accumulated amortization and any accumulated impairment losses, if applicable.
Research costs are recognized as an expense in the period in which they are incurred. When certain criteria are met, development expenditures that lead to the creation of an internally generated intangible asset are capitalized. If an internally generated intangible asset cannot be recognized, development costs are recognized as expenses in the consolidated statement of comprehensive income in the period in which they are incurred.

5. Material Accounting Policies (continued):

Intangible assets (continued)

Intangible assets with a finite useful life are amortized over their economic useful life, and impairment is assessed when there is an indication that the asset's carrying amount may not be recoverable. The amortization period and method for intangible assets are reviewed if there is an indication of a change since the last annual report, and adjustments are made accordingly. If necessary, the amortization of intangible assets is recognized in the consolidated statement of comprehensive income under the appropriate expense category corresponding to the function of the intangible asset.

Intangible assets with finite useful lives are amortized using the straight-line method over their estimated useful lives as follows:

Asset Category	Amortization in Years
Programs and Apps	5-20

When the useful life of intangible assets is indefinite, the assets are not amortized but are tested for impairment annually, or whenever there is an indication that their value may have declined.

The gain or loss resulting from the derecognition of intangible assets is measured as the difference between the net proceeds from disposal and the carrying amount of the intangible assets. This gain or loss is recognized in the consolidated statement of comprehensive income when the derecognition of the intangible assets occurs.

Impairment in value of Non-Financial Assets

At the preparation date of the consolidated financial statements, the group estimates whether there is any indication of impairment of an asset. If any such indication exists, or if an annual impairment test is required, the group estimates the recoverable amount of the asset.

The recoverable amount of the asset is the higher of its fair value less cost of disposal or its value in use.

An asset is identified individually unless it generates cash flows that are largely independent of other assets or groups of assets. When the carrying amount of the asset or the cash-generating unit exceeds its recoverable amount, the asset must be written down to its recoverable amount.

In determining value in use, the group discounts future cash flows to present value using a pre-tax discount rate that reflects the selling costs, market estimates of the time value of money, and risks associated with the asset. When determining fair value less costs of disposal, recent market transactions, when available, are considered, or an appropriate valuation model is used. These values are verified by comparing them with the multiples and share prices of listed subsidiaries or through other indicators of fair value.

The group relies on detailed budgets and estimates prepared separately for each cash-generating unit within the group, which the individual assets are allocated to. These detailed budgets and estimates typically cover five years. For longer periods, a long-term growth rate is calculated and applied to the future cash flows of the project after the fifth year.

Impairment losses for continuing operations are recognized in the consolidated statement of comprehensive income under the relevant expenses related to the function of the impaired assets.

An assessment is carried out at the end of each reporting period to determine whether there is any indication that previously recognized impairment losses for non-financial assets, excluding goodwill, no longer exist or have decreased. Any reversal of an impairment loss is recognized in the consolidated statement of comprehensive income.

5 . Material Accounting Policies (continued):

Inventory
Inventory is measured at the lower of cost or net realizable value.
The cost is determined using the weighted average method, and it includes all purchase costs, financing costs, and other costs incurred to bring the inventory to its present location and condition.
Net realizable value represents the estimated selling price in the ordinary course of business, less estimated costs to complete the sale and estimated necessary costs to effect the sale.
Inventory write-offs are based on current market conditions, past experience, and the sale of similar goods. It may change significantly due to market conditions. Inventory is periodically reviewed for surplus, accumulated items, and declines in net realizable value, with provisions recorded for any decline in inventory balances.

Trade Receivables
Trade receivables represent the group's unconditional right to receive compensation (i.e., the right to compensation depends on the passage of time). Please refer to the accounting policy for financial assets.

Prepayments and other debit balances
Prepayments and other debit balances are recognized at the amounts paid to service providers for services that will be received in the future, or at the amounts paid to external parties that will be reimbursed in the future.

Transactions with Related Parties
Transactions with related parties represent the transfer of resources, services, or obligations between related parties. The terms and conditions of transactions between related parties are established by management.

Cash and Cash Equivalents
For the purposes of the consolidated statement of cash flows, cash and cash equivalents include cash on hand, deposits with banks, and all other items available for use by the group unless stated otherwise. These items are due within 90 days or less and are exposed to insignificant risks of changes in value.

Financial Assets

Initial Recognition and Measurement
Financial assets are initially classified as either to be measured later through other comprehensive income or at fair value through profit or loss.

All financial assets are initially recognized at fair value, plus transaction costs, except when the financial assets are recognized at fair value through profit or loss.

Subsequent Measurement
Subsequent measurement of financial assets depends on their classification as follows:

Financial Assets at Amortized Cost
After initial measurement, financial assets at amortized cost are measured 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 derecognized, modified, or impaired.

The financial assets at amortized cost in the group consist of cash and cash equivalents and trade receivables.

5 . Material Accounting Policies (continued):

Disposal of Financial Assets
A financial asset is Disposal in the following cases:

When the right to receive cash flows from the asset has expired, or

When the group has transferred its rights to receive cash flows from the asset, or has assumed an obligation to pay the full cash flows without delay to a third party under a "transfer" agreement. This can occur whether (a) the group has transferred substantially all of the risks and rewards of ownership of the asset, or (b) the group has neither transferred nor retained substantially all of the risks and rewards of ownership but has transferred control of the asset.

If the group has transferred its rights to receive cash flows from the asset or entered into a transfer agreement, it assesses the extent to which it retains the risks and rewards associated with the asset. The asset is recognized to the extent that the group continues to hold risks and rewards associated with the asset, and a liability is also recognized. The transferred asset and its associated liability are measured to reflect the rights and obligations retained by the group.

The continuation of the relationship, if it takes the form of a guarantee on the transferred asset, is measured at the asset’s carrying amount or the maximum amount the group may be required to pay, whichever is lower.

Impairment in value of Financial Assets
The group recognizes an expected credit loss provision for all debt instruments that are not measured at fair value through profit or loss and other comprehensive income.
The expected credit loss provision is recognized in two stages: For credit exposure that has not seen a significant increase in credit risk since initial recognition, the expected credit loss is recognized for the potential default within the next 12 months (12-month expected credit losses). For credit exposure that has seen a significant increase in credit risk since initial recognition, the group recognizes a provision for the expected credit loss over the lifetime of the exposure, regardless of when default occurs (lifetime expected credit losses).

For trade receivables, the group applies a simplified approach to calculating expected credit losses. The group uses a provision matrix based on its historical experience with credit losses, adjusted for future factors related to the debtors and the economic environment.

Employee Benefits – Defined Benefit Plans
The cost of employee benefits under defined benefit plans is determined separately for each plan using the projected unit credit method.
Re-measurements, which consist of actuarial gains and losses, are recognized immediately in the consolidated statement of financial position and within retained earnings through other comprehensive income in the period they occur. Re-measurements are not reclassified to the consolidated statement of comprehensive income in subsequent periods.
End-of-service benefits are primarily based on employees' final salaries, allowances, and accumulated years of service, as outlined in the Saudi Arabian labor law.

5 . Material Accounting Policies (continued):

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 yet been paid, and are considered unsecured.
Trade payables and bills are classified as current liabilities unless payment is due more than 12 months after the date of the consolidated statement of financial position. They are initially recognized at 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 liabilities for goods or services received or supplied, whether invoiced or formally agreed upon with the supplier.

Leases
The determination of whether an agreement represents or includes a lease depends on the substance of the agreement at the commencement date. An agreement represents or includes a lease if it depends on the use of an asset or specific assets, or if it grants the right to use an asset, even if this right is not explicitly stated in the contract.

Short-Term Leases and Leases of Low-Value Assets
Short-term leases are leases with a lease term of 12 months or less. Low-value assets are items that do not meet the capitalization threshold for the group and are considered insignificant to the consolidated statement of financial position. Lease payments for short-term leases and leases of low-value assets are recognized on a straight-line basis in the consolidated statement of comprehensive income.

Contract Liabilities
Contract liabilities mainly relate to advance payments received from customers, for which revenue from support and maintenance services is recognized as performance obligations are satisfied.

Financial Liabilities

Initial Recognition and Measurement
Financial liabilities, at initial recognition, are classified as financial liabilities at fair value through profit or loss, trade and other payables, or derivatives used as hedging instruments in effective hedge accounting.

All financial liabilities are initially recognized at fair value, and for loans, borrowings, and trade payables, this is net of directly attributable transaction costs.

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

Loans and Borrowings
After initial recognition, loans and borrowings are measured at amortized cost using the effective interest rate method, with gains or losses recognized in the consolidated statement of comprehensive income upon derecognition and through the amortization of the effective interest rate.

Derecognition of Financial Liabilities
Financial liabilities are derecognized when the obligation is discharged, cancelled, or expires according to the contract.

5 . Material Accounting Policies (continued):

Offsetting Financial Instruments
Offsetting between financial assets and liabilities is carried out with the net amount presented in the consolidated statement of financial position when there is a legal right to offset recognized amounts and there is an intention to settle on a net basis, or when the assets and liabilities are settled simultaneously.

Provisions

General
Provisions are recognized when there is a present or probable legal obligation arising from past events, and it is likely that an outflow of resources embodying economic benefits will be required to settle the obligation, and a reliable estimate of the obligation amount can be made.
When the group expects some or all of the provisions to be reimbursed, for example under an insurance contract, the reimbursement is recognized as a separate asset, but only when it is virtually certain that the reimbursement will be received. The expense related to the provision is recognized in the consolidated statement of comprehensive income, net of any reimbursements.

If the effect of the time value of money is material, provisions are determined by discounting the expected future cash flows using a current pre-tax rate that reflects, where appropriate, current market assessments of the time value of money and the specific risks associated with the liability. The increase in the provision due to the passage of time is recognized as a financing cost.

Zakat Provision
The provision for zakat is calculated at the end of each financial year in accordance with the instructions and requirements of the Zakat, Tax, and Customs Authority.
The zakat provision is recognized at the end of the financial year within the consolidated statement of comprehensive income. Any differences arising from the final assessment are also recognized in the same item in the year in which the zakat settlement is approved.

Value Added Tax (VAT)
Revenue, expenses, and assets are recognized net of VAT, except in the following cases:

If VAT is due on the acquisition of assets or services that are non-recoverable from the tax authorities, VAT is recognized as part of the cost of acquiring assets or as part of the expense item, as applicable.

Trade receivables and trade payables are shown including the VAT amount.

The net VAT that can be recovered from, or paid to, the tax authorities is classified under other current assets or current liabilities in the consolidated statement of financial position.

Withholding Tax
The group collects taxes on transactions with non-resident parties in Saudi Arabia and on dividends paid to non-resident shareholders in accordance with the regulations of the Zakat, Tax, and Customs Authority in Saudi Arabia.

5 . Fundamental Accounting Policies (continued):

Revenue Recognition
Revenue primarily arises from providing licensing services and computer software programs to customers. The group recognizes its revenue based on the following sequence:

- Identifying the contract with the customer.
- Identifying performance obligations in the contract.
- Determining the contract price.
- Allocating the contract price to performance obligations.
- Recognizing revenue when performance obligations are satisfied.

Revenue is recognized when performance obligations are fulfilled, which occurs when the service is provided to the customer. A performance obligation is a promise to deliver a service to the customer. Upon fulfilling performance obligations, revenue is recognized at the fair value of the service provided, excluding amounts collected on behalf of third parties and any discounts on the price.

If the service invoice to the customer includes various distinct services, the contract price is allocated proportionally, and revenue is recognized as the performance obligations are satisfied and the service is provided to the customer. The group provides services to customers directly and is not acting as an agent for any third parties.

Revenue from Sale of Licenses and Software Programs
Revenue from the sale of licenses and software programs is recognized when control of the software licenses transfers to the customer. Thus, revenue from the sale of software licenses is recognized at a specific point in time.

Revenue from License and Software Maintenance Support
The group provides various software installation services, as well as support and maintenance services for specialized business operations. Revenue from license support and software maintenance is recognized over time.

Other Revenues
Other revenues are recognized when earned.

Cost of Revenues and Expenses
Costs directly related to the goods or services provided are classified as cost of revenues. Selling and marketing expenses mainly consist of the costs incurred in marketing and selling the group's products and services. Other expenses are classified as general and administrative expenses.

General and administrative expenses include both direct and indirect costs that are not directly related to the cost of revenues according to generally accepted accounting standards. If necessary, expenses are allocated between general and administrative expenses and cost of revenues on a consistent basis.

Finance Costs
Finance costs directly associated with acquiring, constructing, or producing a specific asset that necessarily takes time to prepare for use or sale are capitalized as part of the cost of the asset. All other financing costs are recognized as expenses when incurred. Financing costs include interest and other costs the group incurs related to borrowing funds or other related activities.

5 . Fundamental Accounting Policies (continued):

Contingent Liabilities
Contingent liabilities are disclosed when the group has a potential obligation resulting from past events, which will only be confirmed by the occurrence or non-occurrence of one or more uncertain future events not wholly within the group's control; or when the group has a present legal or constructive obligation from past events, but it is not probable that an outflow of resources embodying economic benefits will be required to settle the obligation, or the amount of the obligation cannot be measured reliably.

Subsequent Events
Subsequent events affect the consolidated financial statements if they require adjustments to the financial statements. Events that do not require adjustments are disclosed.

6. PROPERTY, PLANT AND EQUIPMENT, NET

Cost	Land*	Buildings*	Motor vehicles	Office Equipment & Computers	Furniture's and fixtures	Tools & equipment	Leasehold improvements	Work in progress	Total
Balance as at January 1, 2024	-	-	1,789,469	2,782,027	2,042,898	84,610	457,188	2,175,839	9,332,031
Additions during the year	19,791,558	42,348,124		72,883	15,517	-	-	-	62,228,082
Disposals during the year	-	-	(258,229)	-	-	-	-	-	(258,229)
Balance as at December 31, 2024	**19,791,558**	**42,348,124**	**1,531,240**	**2,854,910**	**2,058,415**	**84,610**	**457,188**	**2,175,839**	**71,301,884**
Accumulated Depreciation									
Balance as at January 1, 2024	-	-	1,789,469	1,732,819	1,390,083	84,609	457,188	-	5,454,168
Charged during the year	-	45,877	-	134,198	81,691	-	-	-	261,766
Disposals during the year	-	-	(258,229)	-	-	-	-	-	(258,229)
Balance as at December 31, 2024	-	**45,877**	**1,531,240**	**1,867,017**	**1,471,774**	**84,609**	**457,188**	**-**	**5,457,705**
Net Book Value									
As at December 31, 2023	-	-	-	1,049,208	652,815	1	-	2,175,839	3,877,863
As at December 31, 2024	**19,791,558**	**42,302,247**	**-**	**987,893**	**586,641**	**1**	**-**	**2,175,839**	**65,844,179**

* Property and equipment include projects under construction amounting to SAR 2,175,839, representing costs incurred for preparing the infrastructure and installing units for the establishment of a cloud services unit for a subsidiary, 'Era Data Information Technology Company.' The estimated costs to complete the project amount to SAR 1,500,000, and it is expected to be completed by the end of 2025 (Note 25)."

Arab Sea Information Systems Company purchased the office tower to be used as the company's headquarters and the headquarters of its subsidiaries and the land on which it is built in the Al-Sahafa district, north of Riyadh, consisting of 23 floors, from Mr. Mohammad Saleh Al-Suhaibani (a shareholder) for a value of SAR 59 million, excluding the real estate transaction tax. The payment will be made in equal annual installments over ten Gregorian years, starting from January 1, 2025. The procedures for transferring the ownership of the tower deed to the company were completed on December 16, 2024. The company paid the real estate transaction tax amounting to SAR 2.95 million, which was added to the cost of the tower.

7. INTANGIBLE ASSETS, NET

Intangible assets represent the cost of developing and creating the "SAMAC" program, in addition to several accounting applications and software within the Group. The following is a summary of the movement in intangible assets:

	Software and System	
Cost:	**2024**	**2023**
Balance as at January 1, 2024	262,202,246	250,873,466
Additions during the year	13,428,821	11,328,780
Balance as at December 31, 2024	**275,631,067**	**262,202,246**
Accumulated Amortization:		
Balance as at January 1, 2024	136,829,851	124,264,255
Charged during the year (Note 20)	13,872,962	12,565,596
Impairment in value of intangible assets for a subsidiary	4,526,154	-
Balance as at December 31, 2024	**155,228,967**	**136,829,851**
Net Book Value:		
	120,402,100	**125,372,395**

Based on the impairment test for intangible assets, the management of the subsidiary, 'Arab Sea Financial Company,' recorded an impairment of those intangible assets amounting to SAR 4.5 million as at December 31, 2024 (December 31, 2023: none)

8. INVENTORIES, NET

	As at December 31,	
	2024	**2023**
Computer hardware and accessories	1,549,561	1,572,926
Less: slow moving provision	(750,000)	(300,000)
The movement in the provision for slow moving inventory is as follows:	**799,561**	**1,272,926**
Balance at the beginning of the year	300,000	-
Charged during the year (Note 20)	450,000	300,000
Balance at the end of the year	**750,000**	**300,000**

9. TRADE RECEIVABLES, NET

	As at December 31,	
	2024	**2023**
Trade receivables	35,426,000	35,017,752
Less: impairment in value of trade receivables	(25,413,768)	(22,196,072)
	10,012,232	**12,821,680**
Movement in impairment in value of Trade receivables is as follows		
Balance at the beginning of the year	22,196,072	18,296,072
Charged for the year	3,217,696	3,900,000
Balance at the end of the year	**25,413,768**	**22,196,072**

10. PREPAYMENTS AND OTHER DEBIT BALANEES

	As at December 31,	
	2024	**2023**
VAT	620,070	-
Staff receivable and custodies	591,213	381,955
Letters of guarantee	400,590	1,079,664
Advances to suppliers	385,150	105,391
Prepaid expenses	282,117	411,167
Others	28,027	120,806
	2,307,167	**2,098,983**

11. CASH AND CASH EQUIVALENTS

	As at December 31,	
	2024	**2023**
Cash at banks	3,324,230	3,597,126
Cash on hand	53,099	73,630
	3,377,329	**3,670,756**

12. RELATED PARTY TRANSACTIONS

Related parties include the main shareholders, members of the Board of Directors, and the senior executive management of the Group, as well as companies in which they are major shareholders. The prices and terms related to these transactions are determined by the Group's management.

Due to related party, net:

	As at December 31,	
	2024	**2023**
Related parties with members of the Board of Directors	3,142,894	3,982,969
	3,142,894	**3,982,969**

The significant transactions with related parties included in the consolidated statement of profit or loss and other comprehensive income, and the consolidated statement of financial position were as follows:

	Type of transaction	As at December 31,	
		2024	**2023**
Related parties with members of the Board of Directors	Payment on behalf	2,942,894	3,982,969

Transactions with senior executive management

The compensation of the Group's executive management includes salaries, non-cash benefits, and contributions to long-term employee benefits.

The compensation and bonuses of the senior executive management include the following:

Short-term employee benefits

	As at December 31,	
	2024	**2023**
Salaries and benefits of executive board members	1,916,863	819,733
Board meeting attendance allowances	209,500	120,000
Executive bonuses	172,500	172,500
	2,298,863	**1,112,233**

13. SHARE CAPITAL:

On September 13, 2023, the extraordinary general assembly of shareholders approved the stock split, reducing the nominal value of the share from SAR 10 per share to SAR 1 per share. As a result, the number of shares increased from 10 million shares to 100 million shares. The regulatory procedures to reflect this change were completed during 2023. Therefore, the company's capital as at December 31, 2024, is SAR 100 million, consisting of 100 million shares with a nominal value of SAR 1 per share (December 31, 2023: SAR 100 million, consisting of 100 million shares with a nominal value of SAR 1 per share).

14. EMPLOYEES' DEFINED BENEFITS OBLIGATIONS

The Group's policy stipulates that the employee benefit obligations are payable to all employees who complete the eligible service period under the labor law in the Kingdom of Saudi Arabia.

The annual provision is based on an actuarial valuation. The last actuarial valuation was conducted by an independent expert appointed by the company's management, using the projected unit credit method as at December 31, 2024.

Movement of employee defined benefits obligations as follows:

	As at December 31,	
	2024	**2023**
Balance at the beginning of the year	5,619,039	5,197,408
Current service costs	790,343	888,209
Interest cost (Note 23)	266,815	206,387
Gains from remeasurement of defined employee benefit obligations	(377,664)	(531,943)
Paid during the year	(236,627)	(141,022)
Balance at the end of the year	**6,061,906**	**5,619,039**

Key actuarial assumptions used:	As at December 31,	
	2024	**2023**
Discount rate	5.5%	5.25%
Salary Increase rate	2%	2%
Retirement Age	60 years	60 years

Sensitivity analysis:

The following is a sensitivity analysis of the defined employee benefit obligations to key actuarial assumptions:

	As at December 31,	
	2024	**2023**
Discount rate +1%	6,209,789	5,140,348
Discount rate –1%	(7,464,600)	(6,177,498)
Salary increase rate +1%	7,483,348	6,186,158
Salary increase rate –1%	(6,181,505)	(5,125,985)

Risks associated with defined employee benefit obligations:

Salary increase risk

The most common type of retirement benefits is the one where benefits are linked to final salaries. Risks arise when actual salary increases are higher than expected, thereby affecting the obligation.

Withdrawal risk

Actual withdrawal experience that deviates from the actuarial assumptions may pose a risk to the defined employee benefit obligations. The movement in the obligation may occur in either direction.

15. LONG TERM LIABILITIES TO A SHAREHOLDE

	As at December 31,	
	2024	**2023**
Loan from a shareholder against the office tower and the land on which it is built (Note 6)	47,343,862	-
Loan from a shareholder against an outstanding balance to related parties - long term	5,519,513	-
	52,863,375	-
Divided as follows:		
Long term liabilities to shareholder - Current	5,900,000	-
Long term liabilities to shareholder - Non-current	46,963,375	-
	52,863,375	-

16. CONTRACT LIABILITIES

	As at December 31,	
	2024	**2023**
Technical support and maintenance obligations	2,234,876	1,795,267
	2,234,876	**1,795,267**

17. ACCRUED EXPENSES AND OTHER CURRENT LIABILITES

	As at December 31,	
	2024	**2023**
Credit Value added tax	3,132,607	1,783,271
Accrued vat and zakat *	2,398,735	-
Staff and accruals payables	2,390,523	1,908,634
Accrued bonus for board of directors	1,931,779	1,121,938
Accrued commissions	1,616,479	562,217
Accrued vacation	1,309,710	1,320,707
Accrued GOSI	729,233	190,779
Legal Provision	39,243	-
Other	847,770	691,017
	14,396,079	**7,578,563**

*Based on the installment plan agreed upon between Arab Sea Information Systems Company and the Zakat, Tax and Customs Authority, it was agreed to pay this amount in installments over a period of seven months, starting from January 2, 2025, until July 31, 2025.

18. ZAKAT PROVISION

A.The main components of the Zakat base include the following:

	As at December 31,	
	2024	**2023**
Net adjusted loss	(12,608,962)	(3,861,540)
Equity	126,748,369	136,282,794
Provisions and other items	55,341,026	23,699,302
Less: Non-current assets	(182,089,395)	(130,573,229)
Zakat base	**(12,608,962)**	**25,547,327**

No Zakat provision has been calculated for the year ended December 31, 2024, as the company's Zakat base is negative.

18. ZAKAT PROVISION (Continued)

B.The movement in Zakat provision is as follows:

	As at December 31,	
	2024	**2023**
Balance at the beginning of the year	971,601	957,328
Zakat assessment differences for previous years	145,051	73,577
Provision no long required	(260,069)	-
Charged during the year	-	726,312
Paid during the year	(722,688)	(785,616)
Balance at the end of the year	133,895	971,601

The Group has submitted its Zakat declarations to the Zakat, Tax, and Customs Authority for the fiscal year ended December 31, 2023, and has settled its dues based on the submitted declarations. A valid certificate was issued to the Group, which is effective until April 30, 2025.

The company received Zakat assessments for the year 2023 during 2024, resulting in Zakat differences amounting to SAR 145,051, and the additional provision was recorded in the consolidated financial statements

Zakat status of Arab Sea Financial Company: The subsidiary calculates its Zakat provision separately. The subsidiary has submitted its financial statements and Zakat declaration for the year 2023 and has obtained the certificate from the Zakat, Tax, and Customs Authority ("the Authority").
Zakat status of Era Data Information Technology Company: The subsidiary calculates its Zakat provision separately. The subsidiary has submitted its financial statements and Zakat declaration for the year 2023 and has obtained the certificate from the Zakat, Tax, and Customs Authority ("the Authority").

19. REVENUE

	For the year ended December 31	
	2024	**2023**
Revenue from software and hardware license usage	37,890,827	36,974,533
Revenue from maintenance and technical support services	5,293,462	4,195,547
Revenue from e-commerce operations	123,907	349
	43,308,196	**41,170,429**

The details of the Group's revenue from contracts are presented below, categorized by the nature of service and the timing of revenue recognition:

	For the year ended December 31	
	2024	**2023**
Timing of revenue recognition		
At a point in time		
Revenue from software and hardware license usage	37,890,827	36,974,533
Revenue from e-commerce operations	123,907	349
Over time		
Revenue from maintenance and technical support services	5,293,462	4,195,547
	43,308,196	**41,170,429**

20. COST OF REVENUE

	For the year ended December 31	
	2024	**2023**
Amortization of intangible assets (Note 7)	13,872,964	12,565,596
Salaries wages and other benefits	7,904,860	4,420,694
Hosting expenses	1,850,665	1,207,652
Cost of hardwares and accessories	636,423	800,408
Slow moving inventory provision (Note8)	450,000	300,000
Others	1,057,671	1,192,336
	25,772,583	**20,486,686**

21. SELLING AND MARKETING EXPENSES

	For the year ended December 31	
	2024	**2023**
Salaries wages and other benefits	5,022,727	4,941,204
commission	3,688,567	3,092,172
Advertising expense	1,732,399	2,675,400
Exhibition and conference expenses	-	359,098
Others	823,666	752,836
	11,267,359	**11,820,710**

22. GENERAL AND ADMINISTRATIVE EXPENSES

	For the year ended December 31	
	2024	**2023**
Salaries wages and other benefits	10,615,379	8,567,868
Professional fees	1,561,496	984,835
BOD and committees rewards	694,200	1,703,705
Medical insurance, treatment, and vehicles	664,827	570,306
Rents	600,000	-
Bank expense	417,735	63,599
Depreciation property, plant and equipment	261,765	188,211
Iqama & visa	161,838	163,137
Government expense	149,107	295,831
Internet and communications expenses	84,798	-
Cybersecurity risk expenses	42,872	-
Cars repairs & general maintenance	29,112	46,758
Others	1,289,551	1,177,755
	16,572,680	**13,762,005**

23. FINANCE COST

	For the year ended December 31	
	2024	**2023**
Finance costs related to defined employee benefit obligations (Note 14)	**266,815**	**206,387**
	266,815	**206,387**

24. LOSS PER SHARE

The calculation of basic loss per share is based on the loss attributable to common shareholders and the weighted average number of outstanding common shares. The loss per share for the year ended December 31, 2024, was calculated based on the weighted average number of shares outstanding at the end of the year. The loss per share is the same as the basic loss per share, as the Group does not have convertible securities or any dilutive financial instruments.

	For the year ended December 31,	
	2024	**2023**
Net loss for the year	(17,700,041)	(9,770,344)
Weighted average number of shares	100,000,000	100,000,000
Basic and diluted loss per share from net loss for the year	(0.18)	(0.09)

25. COMMITMENTS AND CONTINGENCIES

The Group has contingent liabilities for bank guarantees issued in the ordinary course of business amounting to SAR 2.1 million as at December 31, 2024 (December 31, 2023: SAR 1.1 million).
The Group also has capital commitments contracted but not yet incurred as at December 31, 2024, amounting to SAR 1.5 million (December 31, 2023: SAR 1.5 million) (Note 6).

Lease payments not recognized as liabilities:
The Group has chosen not to recognize lease liabilities for short-term leases (leases with a term of 12 months or less) or leases for low-value assets. Payments under these leases are made on a fixed installment basis. Additionally, certain variable lease payments are not recognized as lease liabilities and are expensed when incurred. The expenses related to the payments not recognized in the measurement of the lease liability amount to SAR 612,133 (December 31, 2023: SAR 608,867).

26. FINANCIAL INSTRUMENTS

The Group is exposed to the following risks due to its use of financial instruments:

- Credit risk
- Liquidity risk
- Market risk
- Currency risk
- Foreign exchange risk
- Price risk
- Capital management risk

This note provides information on the Group's exposure to each of the above risks, the Group's objectives, policies, and the methods used to measure and manage these risks.

General Risk Management Framework
The full responsibility for preparing and monitoring risk management lies with the Group's management. The Group's risk management policies are designed to identify and analyze the risks it faces and to set appropriate controls and limits when exposed to these risks, and then monitor them to ensure they do not exceed the established limits. The risk management policies and systems are reviewed periodically to reflect changes in market conditions and the Group's activities. The Group's management aims to develop a constructive and organized control environment through training, standards, and procedures, ensuring that every employee understands their role and responsibilities.

26. FINANCIAL INSTRUMENTS (Continued)

Credit risk

Credit risk represents the inability of a party to meet its obligations, resulting in a financial loss for the other party. The Group's policy stipulates that all customers wishing to deal on a credit basis are subject to credit verification. The financial instruments subject to credit risk concentration primarily consist of trade receivables. The Group deposits cash with a number of financial institutions with good credit ratings and has a policy that sets limits on the balances deposited with each financial institution.

The Group does not believe there is a significant risk of the inefficiency of these institutions and does not consider itself exposed to credit risk concentrations with respect to receivables, due to the diversity of its customer base, which operates in various sectors and is located in multiple regions.

The maximum credit risk to which the Group is exposed is represented by the value of the financial assets listed in the consolidated statement of financial position as follows:

	December 31, 2024	December 31, 2023
Bank balances	3,324,230	3,597,126
Trade receivables	10,012,232	12,821,680
Other current assets	2,307,167	2,098,983
	15,643,629	**18,517,789**

The Group has established a credit policy under which each new customer is individually analyzed to verify their creditworthiness before presenting the Group's standard payment terms and conditions. The Group's review is based on external ratings, if available, and in some cases, on bank references. Sales limits are set for each customer and are reviewed quarterly.

The impairment of trade receivables has been estimated at SAR 25.4 million as at December 31, 2024 (December 31, 2023: SAR 22.2 million) (Note 9), in accordance with the Group's policy and International Financial Reporting Standard (IFRS) 9, 'Financial Instruments

Liquidity risk

Liquidity risk represents the difficulties faced by the Group in obtaining funds to meet its financial instrument obligations. Liquidity risk can arise from the inability to sell any financial asset quickly and at an amount close to its fair value. The Group's sale terms stipulate that amounts are payable in cash upon delivery of goods or on a credit basis.

26. FINANCIAL INSTRUMENTS (Continued)

Liquidity risk (Continued)

The following are the contractual maturities of the Group's non-derivative financial liabilities:

As at December 31, 2024	Carrying value	Contracted	Within one year	Over one year
Contract liabilities	2,234,876	2,234,876	2,234,876	-
Trade payables	2,050,902	2,050,902	2,050,902	-
Due to related parties	3,142,894	3,142,894	3,142,894	-
Accrued expenses and other credit balances	14,396,079	14,396,079	14,396,079	-
Total	**21,824,751**	**21,824,751**	**21,824,751**	**-**

As at December 31, 2023	Carrying value	Contracted	Within one year	Over one year
Contract liabilities	1,795,267	1,795,267	1,795,267	-
Trade payables	2,122,771	2,122,771	2,122,771	-
Due to related parties	3,982,969	3,982,969	3,982,969	-
Accrued expenses and other credit balances	7,578,563	7,578,563	7,578,563	-
Total	**15,479,570**	**15,479,570**	**15,479,570**	**-**

Market risk
Market risk is the risk of changes in the value of financial instruments due to fluctuations in market prices. Market risk includes three types of risks: currency exchange rate risk, foreign exchange risk, price risk, and other risks such as equity price risk and commodity price risk.

Currency risk
Commission price risk refers to the risk arising from fluctuations in the value of financial instruments due to changes in prevailing commission rates in the market. The Group is exposed to commission price risk based on assumptions within the Group.

Foreign exchange risk
Foreign currency risk refers to the risk arising from fluctuations in the value of a financial instrument due to changes in foreign exchange rates. The management monitors fluctuations in foreign exchange rates (such as the US Dollar, Egyptian Pound, and UAE Dirham), and believes that the Group is not exposed to significant foreign currency risks.

Price risk
Price risk is the risk of fluctuations in the value of a financial instrument due to changes in market prices, whether these changes arise from factors specific to the financial instrument or its issuer, or from factors affecting all financial instruments traded in the market. The Group is not exposed to significant price risks.

26. FINANCIAL INSTRUMENTS (Continued)

Capital management risk

The Group's objectives in managing capital are as follows:

- To maintain the Group's ability to continue as a going concern, so that it can continue to provide returns to shareholders and benefits to other stakeholders.
- To maintain an optimal capital structure to reduce the cost of capital.

In order to maintain or adjust its capital structure, the Group may adjust the amount of dividends paid to shareholders, return capital to shareholders, issue new shares, or sell assets to reduce debt.

27. SEGMENT INVORMATION

Operating Segment

The Group's products are manufactured within the Kingdom of Saudi Arabia, and it has only two segments: the software and application licensing segment, and the hardware segment. Neither of these segments meets the thresholds set out in International Financial Reporting Standard (IFRS) No. 8 "Operating Segments" for disclosure of their information. The types and details of revenues have been disclosed in Note (19).

Geographical Segment

The Group conducts its activities both inside and outside the Kingdom of Saudi Arabia. The Group's activities are primarily concentrated in the Kingdom of Saudi Arabia, with branches in the Arab Republic of Egypt and the United Arab Emirates.

	December31, 2024	December31, 2023
Geographical information		
Revenue:		
Kingdome of Saudi Arabia	42,451,872	40,016,623
United Arab Emirates	618,115	1,005,580
Egypt	238,209	148,226
	43,308,196	**41,170,429**

28. FAIR VALUE OF FINANCIAL INSTRUMENTS

For the purpose of fair value disclosures of financial instruments, the aggregation of financial assets and liabilities in the Group is not measured at fair value, as they are measured at amortized cost.

29. ASSETS HELD IN TRUST

The accounting records of Arab Sea Financial Company (Subsidiary company) indicate an amount of SAR 540,278 for the year ending December 31, 2024, in an aggregate bank account (Arab Bank). In line with regulations issued by the Central Bank, these funds are held by the company in trust and are not included in the group or company financial statements.

30. SUBSEQUENT EVENTS

In the opinion of the management, there have been no significant subsequent events since the year-end that require disclosure or adjustment in these Consolidated Financial Statements.

31. APPROVAL OF CONSOLIDATED FINANCIAL STATEMENTS

These consolidated financial statements were approved on 27 Ramadan1446H (Corresponding to 27 March 2025).