

**Perfect Presentation for Commercial
Services Company**
(A Saudi Closed Joint Stock Company)

**Financial Statements and Independent Auditor's Report
For the year ended 31 December 2021**

Perfect Presentation for Commercial Services Company
(A Saudi Closed Joint Stock Company)
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For the year ended 31 December 2021

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Independent Auditor's Report

To the Shareholders,

Perfect Presentation for Commercial Services Company

(A Saudi Closed Joint Stock Company)

Riyadh, Kingdom of Saudi Arabia

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of Perfect Presentation for Commercial Services Company, a Saudi Closed Joint Stock Company (the "Company"), which comprise the statement of financial position as at 31 December 2021, and the statement of profit or loss and other comprehensive income, statement of changes in equity, and statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Company as at 31 December 2021, its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards that are endorsed in the Kingdom of Saudi Arabia and other standards and pronouncements issued by the Saudi Organization for Chartered and Professional Accountants ("SOCPA").

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing that are endorsed in the Kingdom of Saudi Arabia ("ISA"). Our responsibilities under those standards are further described in the "Auditor's Responsibilities for the Audit of the Financial Statements" section of our report. We are independent of the Company in accordance with professional code of conduct and ethics that are endorsed in the Kingdom of Saudi Arabia that are relevant to our audit of the financial statements, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Other matter

The financial statements of the Company for the year ended 31 December 2019 were audited by another auditor, who expressed an unmodified opinion on those financial statements on 23 Dhul Qa'dah 1441H corresponding to 14 July 2020G.

Responsibilities of Management and Those Charged with Governance for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with International Financial Reporting Standards that are endorsed in the Kingdom of Saudi Arabia and other standards and pronouncements issued by SOCPA and Regulations for Companies and the Company's Articles of Association, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, Management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern, and using the going concern basis of accounting unless Management either intends to liquidate the Company or to cease operation, or has no realistic alternative but to do so.

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

Independent Auditor's Report (Continued)

To the Shareholders,

Perfect Presentation for Commercial Services Company

Report on the audit of the financial statements (Continued)

Auditor's Responsibilities for the Audit of the Financial Statements

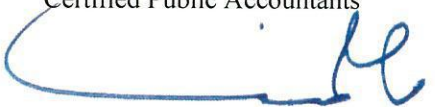
Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with ISA will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with ISA, we exercise professional judgment and maintain professional skepticism throughout the audit. We are also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure, and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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

BAKER TILLY MKM & CO.
Certified Public Accountants


Majed Muneer Alnemer
(Certified Public Accountant - License No. 381)
Riyadh on 29 Rajab 1443H
Corresponding to 2 March 2022G



Perfect Presentation for Commercial Services Company
(A Saudi Closed Joint Stock Company)

Statement of Financial Position
As at 31 December 2021

	Note	31 December 2021 SR	31 December 2020 SR (Restated)	31 December 2019 SR (Restated)
ASSETS				
Non-current assets				
Property, plant, and equipment	6	116,674,725	98,059,454	63,871,310
Investments at fair value through OCI	7	1,501,504	1,014,027	-
Investment in a subsidiary	8	-	19,089	-
Total non-current assets		<u>118,176,229</u>	<u>99,092,570</u>	<u>63,871,310</u>
Current assets				
Inventories	9	891,775	5,413,278	1,082,037
Due from related parties	10	1,606,871	3,960,182	6,922,625
Contracts assets	11	192,098,326	61,707,235	36,488,547
Trade receivables	12	97,829,429	121,352,566	70,088,388
Prepaid expenses and other debit balances	13	21,290,013	14,547,383	20,321,491
Cash and cash equivalents	14	69,459,058	10,548,191	3,350,350
Total current assets		<u>383,175,472</u>	<u>217,528,835</u>	<u>138,253,438</u>
TOTAL ASSETS		<u>501,351,701</u>	<u>316,621,405</u>	<u>202,124,748</u>
EQUITY AND LIABILITIES				
Equity				
Share capital	15-A	20,000,000	20,000,000	20,000,000
Additional share capital	15-B	6,670,311	6,670,311	6,670,311
Statutory reserve	16	6,000,000	6,000,000	2,690,215
Retained earnings		127,046,679	78,447,113	41,178,681
Total equity		<u>159,716,990</u>	<u>111,117,424</u>	<u>70,539,207</u>
Liabilities				
Non-current liabilities				
Employees' defined benefits obligations	17	20,915,940	13,817,159	7,389,495
Non-current portion of long-term loans	18-A	7,256,103	9,953,435	-
Total non-current liabilities		<u>28,172,043</u>	<u>23,770,594</u>	<u>7,389,495</u>
Current liabilities				
Trade payables		67,425,738	27,384,830	12,591,237
Due to related parties	10	5,957,688	14,661,728	233,881
Short-term loans	18-B	84,033,300	67,040,118	60,685,448
Current portion of long-term loans	18-A	2,697,331	847,608	-
Unearned revenues	19	58,337,143	29,458,912	22,612,348
Accrued expenses and other credit balances	20	91,538,079	40,594,889	26,612,756
Zakat payable	21	3,473,389	1,745,302	1,460,376
Total current liabilities		<u>313,462,668</u>	<u>181,733,387</u>	<u>124,196,046</u>
Total liabilities		<u>341,634,711</u>	<u>205,503,981</u>	<u>131,585,541</u>
TOTAL EQUITY AND LIABILITIES		<u>501,351,701</u>	<u>316,621,405</u>	<u>202,124,748</u>

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

Perfect Presentation for Commercial Services Company
(A Saudi Closed Joint Stock Company)

Statement of Profit or Loss and Other Comprehensive Income
For the Year Ended 31 December 2021

	Note	31 December 2021 SR	31 December 2020 SR (Restated)	31 December 2019 SR (Restated)
Revenue	23	655,478,211	482,475,049	298,102,025
Cost of revenue	24	<u>(539,472,411)</u>	<u>(391,454,363)</u>	<u>(243,368,511)</u>
Gross profit		116,005,800	91,020,686	54,733,514
Selling and distribution expenses	25	(7,803,550)	(5,091,372)	(4,145,362)
General and administrative expenses	26	(20,454,050)	(20,002,711)	(15,812,016)
Impairment loss on trade receivables	12	<u>(1,504,430)</u>	<u>(2,803,636)</u>	<u>(10,032,290)</u>
Operating income		<u>86,243,770</u>	<u>63,122,967</u>	<u>24,743,846</u>
Finance cost	27	(3,774,493)	(2,288,312)	(2,105,867)
Other income, net	28	1,739,008	5,329,988	1,827,727
Company's share in the net losses of a subsidiary	8	-	(47,911)	-
Disposal of an investment in a subsidiary	8	(19,089)	-	-
Dividends from investments at fair value		<u>39,073</u>	<u>-</u>	<u>-</u>
Profit before zakat		<u>84,228,269</u>	<u>66,116,732</u>	<u>24,465,706</u>
Zakat	21	(3,612,703)	(1,745,302)	(1,460,376)
Profit for the year		<u>80,615,566</u>	<u>64,371,430</u>	<u>23,005,330</u>
Other comprehensive income				
Items that will not be reclassified to profit or loss in subsequent years:				
Remeasurements of employees' defined benefit obligations	17	(126,915)	(2,290,590)	(451,456)
Revaluation of investment at fair value through OCI	7	<u>487,477</u>	<u>497,377</u>	<u>-</u>
Total other comprehensive income / loss for the year		<u>360,562</u>	<u>(1,793,213)</u>	<u>(451,456)</u>
Total comprehensive income for the year		<u>80,976,128</u>	<u>62,578,217</u>	<u>22,553,874</u>
Earning per share attributable to the Shareholders / Partners:	29			
Basic and diluted		<u>40,3</u>	<u>32,2</u>	<u>11,5</u>

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

Perfect Presentation for Commercial Services Company
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Statement of Changes in Equity
For the Year Ended 31 December 2021

	Note	Share capital	Additional share capital	Statutory reserve	Retained earnings	Total equity
		SR	SR	SR	SR	SR
Balance as at 1 January 2020 (Restated)		20,000,000	6,670,311	2,690,215	41,178,681	70,539,207
Profit for the year (Restated)		-	-	-	64,371,430	64,371,430
Other comprehensive loss for the year		-	-	-	(1,793,213)	(1,793,213)
Total comprehensive income for the year (Restated)		-	-	-	62,578,217	62,578,217
Dividends paid	22	-	-	-	(22,000,000)	(22,000,000)
Transfer to statutory reserve	16	-	-	3,309,785	(3,309,785)	-
Balance as at 31 December 2020 (Restated)		20,000,000	6,670,311	6,000,000	78,447,113	111,117,424
Balance as at 1 January 2021		20,000,000	6,670,311	6,000,000	78,447,113	111,117,424
Profit for the year		-	-	-	80,615,566	80,615,566
Other comprehensive income for the year		-	-	-	360,562	360,562
Total comprehensive income for the year		-	-	-	80,976,128	80,976,128
Dividends paid	22	-	-	-	(32,376,562)	(32,376,562)
Balance as at 31 December 2021		20,000,000	6,670,311	6,000,000	127,046,679	159,716,990

The accompanying notes form an integral part of these financial statements

Perfect Presentation for Commercial Services Company
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Statement of Cash Flows
For the Year Ended 31 December 2021

	31 December 2021 SR	31 December 2020 SR (Restated)	31 December 2019 SR (Restated)
Cash flows from operating activities			
Profit before zakat	84,228,269	66,116,732	24,465,706
Adjustments for:			
Depreciation of property, plant and equipment	2,890,697	2,417,463	2,248,866
Impairment loss on trade receivables	1,504,430	2,803,636	10,032,290
Losses on disposal of property, plant and equipment	296,355	26,000	-
Employees' defined benefit obligation cost	11,671,738	6,265,286	1,960,803
Finance cost	283,141	186,957	256,060
Company's share in the net losses of a subsidiary	-	47,911	-
Changes in operation assets and liabilities:			
Inventories	4,521,503	(4,331,241)	(453,607)
Due from/to related parties	(6,350,729)	17,390,290	3,737,583
Contracts assets	(130,391,091)	(25,218,688)	(19,803,097)
Trade receivables	22,018,707	(54,067,814)	(13,767,526)
Prepaid expenses and other debit balances	(6,742,630)	5,774,108	(7,669,028)
Trade payables	40,040,908	14,793,593	(21,855,050)
Unearned revenues	28,878,231	6,846,564	22,612,348
Accrued expenses and other credit balances	50,943,190	13,982,133	10,260,883
Cash from operations	103,792,719	53,032,930	12,026,231
Employees' defined benefits obligation	(4,983,013)	(2,315,169)	(838,496)
Zakat paid	(1,884,616)	(1,460,376)	(911,792)
Net cash from operating activities	96,925,090	49,257,385	10,275,943
Cash flows from investing activities			
Purchases of property, plant, and equipment	(21,802,323)	(36,714,572)	(45,460,724)
Proceeds from disposal of property, plant, and equipment	-	82,965	-
Additions of investments at fair value through OCI	-	(516,650)	-
Disposal (additions) of investment in a subsidiary	19,089	(67,000)	-
Net cash used in investing activities	(21,783,234)	(37,215,257)	(45,460,724)
Cash flows from financing activities			
Net change in banking facilities	16,145,573	17,155,713	39,615,203
Dividends paid	(32,376,562)	(22,000,000)	(8,000,000)
Net cash (used in) from financing activities	(16,230,989)	(4,844,287)	31,615,203
Net change in cash and cash equivalents	58,910,867	7,197,841	(3,569,578)
Cash and cash equivalents at beginning of the year	10,548,191	3,350,350	6,919,928
Cash and cash equivalents at end of the year	69,459,058	10,548,191	3,350,350

The accompanying form an integral part of these financial statements.

Perfect Presentation for Commercial Services Company
(A Saudi Closed Joint Stock Company)

Notes to the financial statements
For the Year Ended 31 December 2021

1. Company Information

Perfect Presentation for Commercial Services Company (the "Company") is a Saudi Closed Joint Stock Company registered in the Kingdom of Saudi Arabia under commercial registration No. 1010203693 issued in Riyadh on 25 Shawwal 1425H (corresponding to 8 December 2004G). The registered address of the Company is Al Imam Muhammad Ibn Saud road khozama district, P.O. Box 10552, Riyadh 11651, Kingdom of Saudi Arabia.

During the year, the Partners in the Company met and decided unanimously to convert the legal form of the Company from a limited liability company to a closed joint stock company. The approval of the Ministry of Commerce was obtained by virtue of Resolution No. 766 dated Jumada Al-Awwal 11, 1443H and its announcement by virtue of Resolution No. 772 dated Jumada Al-Ula 16, 1443H. The Articles of Association of the Company stipulate that the Company's first fiscal year begins on January 1 and ends on December 31 of each year. The financial statements were prepared for a full year from 1 January 2021 to 31 December 2021, to better reflect the Company's operations on a consistent and comparable basis, and there was no impact on the preparation of the financial statements as a result of the conversion process.

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

CR number	Location	Registration date
1010290349	Riyadh	7 Rajab 1431H (corresponding to 20 June 2010G)
4031218300	Makkah	13 Safar 1440H (corresponding to 22 October 2018G)

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

Perfect Presentation for Commercial Services Company
(A Saudi Closed Joint Stock Company)

Notes to the financial statements (Continued)
For the Year Ended 31 December 2021

2. Basis of Preparation

The financial statements of the Company for the year ended 31 December 2021 have been prepared in accordance with International Financial Reporting Standards (“IFRS”) as adopted in the Kingdom of Saudi Arabia and other standards and pronouncements adopted by the Saudi Organization for Chartered and Professional Accountants (“SOCPA”). Details of the Company’s significant accounting policies are disclosed in note (4).

These financial statements have been prepared on the historical cost basis except for the employees’ defined benefit obligations which are measured using the projected unit credit method and the actuarial assessments at the end of the reporting period and the investments at fair value through OCI. Historical cost generally represents the fair value of the specific price paid in exchange for goods and services.

The financial statements are presented in Saudi Riyals, except when otherwise indicated. Saudi Riyal is the functional currency of the Company.

3. Significant Accounting Judgements, Estimates and Assumptions

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

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

- | | |
|---|----------------|
| - Financial instruments risk management | Note 32 |
| - Sensitivity analysis disclosures | Note 17 and 32 |

Judgements

In the process of applying the Company's accounting policies, management has made the following judgements, which have the most significant effect on the amounts recognized in the financial statements.

Estimates and assumptions

The key assumptions concerning the future and other key sources of estimation uncertainty at the reporting date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are described below. The Company based its assumptions and estimates on parameters available when the financial statements were prepared. Existing circumstances and assumptions about future developments; however, may change due to market changes or circumstances arising that are beyond the control of the Company. Such changes are reflected in the assumptions when they occur.

Impairment of non-financial assets

The Company assesses whether there are any indications of impairment of non-financial assets at each reporting date. Non-financial assets are tested for impairment when there are indications that the carrying value may not be recoverable. When making value in use calculations, management estimates the expected future cash flows from the asset or cash-generating unit and chooses an appropriate discount rate in order to calculate the present value of those cash flows.

Perfect Presentation for Commercial Services Company
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Notes to the financial statements (Continued)
For the Year Ended 31 December 2021

3. Significant Accounting Judgements, Estimates, and Assumptions (Continued)

Estimated costs at completion

The Company uses the percentage of completion method in accounting for long-term contracts. The use of the percentage of completion method by the company requires an estimate of the total costs to complete the contract. Assuming that the total estimated costs are higher or lower by 5%, the effect will be significant, by increasing or decreasing the amount of revenue.

Revenue recognition

The Company's management uses significant estimates and assumptions to determine the amount and timing of revenue recognition under the requirements of IFRS 15 "Revenue from Contracts with Customers".

Fair value measurement of financial instruments

When the fair values of financial assets cannot be measured based on quoted prices or active trading of some instruments at the date the statement of financial position. The fair value is estimated using various valuation techniques which include the use of pricing models where the information is taken from observing the market. Where this is not feasible, a degree of estimate and judgment is required in establishing fair values.

Long-term assumptions for employees' benefits

Employees' defined benefit liabilities represent obligations that will be settled in the future at the termination of employment contracts. Management is required to make further assumptions regarding variables such as discount rates, rate of salary increase, mortality rates, and employee turnover. Periodically, the management of the Company consults with external actuaries regarding these assumptions. Changes in key assumptions can have a significant impact on the employee benefit obligations.

Useful lives of property, plant, and equipment

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

Perfect Presentation for Commercial Services Company
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Notes to the financial statements (Continued)
For the Year Ended 31 December 2021

3. Significant Accounting judgements, estimates and assumptions (Continued)

Expected credit losses Provision

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

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

The assessment of the correlation between historically observed default rates forecasts economic conditions and ECLs is a significant estimate. The amount of ECLs is sensitive to changes in circumstances and forecasted economic conditions. The Company's historical credit loss experience and forecast of economic conditions may also not be representative of customers' actual default in the future. The information about the ECLs on the trade receivables is disclosed in (Note 12) and contracts assets in (Note 11).

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

4. Summary of Significant Accounting Policies

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

Classification the assets and liabilities to current and non-current

The Company presents assets and liabilities in the statement of financial position based on current/non-current classification. An asset is current when it is.

- Expected to be realised or intended to be sold 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.

The Company classifies all other liabilities as non-current.

Perfect Presentation for Commercial Services Company
(A Saudi Closed Joint Stock Company)

Notes to the financial statements (Continued)
For the Year Ended 31 December 2021

4. Summary of Significant Accounting Policies (Continued)

Foreign currency translation

Foreign currency transactions and balances

Transactions in foreign currencies are initially recorded by the Company at the spot rate ruling at the date the transaction first qualifies for recognition. Monetary assets and liabilities denominated in foreign currencies are retranslated to the functional currency at the spot rate of exchange ruling at the reporting date. Differences arising on settlement or translation of monetary items are recognized in profit or loss.

Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates as at the dates of the initial transactions. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value is determined. Gains or losses arising from the translation of non-monetary items measured at fair value are treated in line with the recognition of gains and losses arising from a change in the fair value of that item. That is, translation differences for items whose fair value gains and losses are recognized in other comprehensive income are recognized in other comprehensive income, and items whose fair value gains and losses are recognized in profit or loss are recognized in profit or loss.

Property, plant, and equipment

Property, plant, and equipment are stated at cost, net of accumulated depreciation and accumulated impairment losses, if any. Cost includes expenditure that is directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management. Such cost includes the cost of replacing parts of the property, plant and equipment. When significant parts of property, plant and equipment are required to be replaced at intervals, the Company recognizes such parts as individual assets with specific useful lives and depreciates them accordingly. Repair and other maintenance costs are recognized in profit or loss as incurred.

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

Category	Percentage
Buildings	5 – 10%
Vehicles	20%
Furniture and fixtures	14 – 28%
Computers	14 – 28%
Constructions and fitting	10 – 25%
Improvements and decoration	25% or the lease term, whichever is less

An item of property, plant and equipment is derecognized upon disposal or when no future economic benefits are expected from its future use or sale. Any gain or loss arising on the derecognition of the asset is included in profit or loss when the asset is derecognized.

Expenditures incurred for decoration and construction of the building are capitalized under projects under construction until the related assets are ready for their intended use, at which time they are transferred to the respective principal classes of property and equipment. Projects under construction are not depreciated.

Perfect Presentation for Commercial Services Company
(A Saudi Closed Joint Stock Company)

Notes to the financial statements (Continued)
For the Year Ended 31 December 2021

4. Summary of Significant Accounting Policies (Continued)

Projects under construction

Assets in the course of construction or development are capitalized in the projects under construction account. An asset in progress or development is transferred to the appropriate category of property, plant, and equipment as soon as the asset is in the location and/or condition necessary for it to be capable of operating in the manner intended by management. The cost of Projects under construction items includes the purchase price, execution/development cost, and any other cost directly attributable to the construction or purchase of a projects under construction item intended by management.

Borrowing costs

Borrowing costs directly attributable to the acquisition, construction, or production of an asset that necessarily takes a substantial period to get ready for its intended use or sale are capitalized as part of the cost of the respective asset. All other borrowing costs are expensed in the period in which they occur. Borrowing costs consist of interest and other costs that an entity incurs in connection with the borrowing of funds.

Inventories

Inventory represents in SMS packages and electronic devices, stated at the lower cost or net realizable value. Cost is determined on a weighted average cost basis.

Financial Assets

Initial recognition and measurement

Financial assets are classified, at initial recognition, as subsequently measured at amortised cost, fair value through other comprehensive income (OCI), and fair value through profit or loss.

All financial assets are recognised initially at fair value plus the cost of transactions, except in the case of financial assets are recorded at fair value through profit or loss.

Subsequent measurement

The subsequent measurement of financial assets depends on their classification as described below.

Financial assets at amortised cost

After initial measurement, financial assets at amortised cost are measured using the effective interest (EIR) method and are subject to impairment. Gains and losses are recognised in the statement of profit or loss when the asset is derecognised, modified, or impaired.

For debt instruments at fair value through OCI, interest income, foreign exchange revaluation and impairment losses or reversals are recognised in the statement of profit or loss and computed in the same manner as for financial assets measured at amortised cost. The remaining fair value changes are recognised in OCI. Upon derecognition, the cumulative fair value change recognised in OCI is recycled to profit or loss.

Equity instruments designated at fair value through OCI

Gains and losses arising from investments in equity instruments carried at fair value through other comprehensive income are never reclassified to profit or loss. Dividends are recognised as other income in the statement of profit or loss when the right of payment has been established, except when the Company benefits from such proceeds as a recovery of part of the cost of the financial asset, in which case, such gains are recorded in OCI. Equity investments designated at fair value through OCI are not subject to impairment assessment.

Financial assets at fair value through profit or loss

Financial assets at fair value through profit or loss are carried in the statement of financial position at fair value with net changes in fair value recognised in the statement of profit or loss.

Perfect Presentation for Commercial Services Company
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Notes to the financial statements (Continued)
For the Year Ended 31 December 2021

4. Summary of Significant Accounting Policies (Continued)

Financial Assets (Continued)

Derecognition of financial assets

A financial asset is primarily derecognised when:

- The rights to receive cash flows from the asset have expired, or
- The Company has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a 'pass-through' arrangement; and either (a) the Company has transferred substantially all the risks and rewards of the asset, or (b) the Company has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

When the Company has transferred its rights to receive cash flows from an asset or has entered into a passthrough arrangement, it evaluates if, and to what extent, it has retained the risks and rewards of ownership. When it has neither transferred nor retained substantially all of the risks and rewards of the asset, nor transferred control of the asset, the Company continues to recognize the transferred asset to the extent of its continuing involvement. In that case, the Company also recognizes an associated liability. The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that the Company has retained.

Continuing involvement that takes the form of a guarantee over the transferred asset is measured at the lower of the original carrying amount of the asset and the maximum amount of consideration that the Company could be required to repay.

Impairment of financial assets

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

ECLs are recognized in two stages. For credit exposures for which there has not been a significant increase in credit risk since initial recognition, ECLs are provided for credit losses that result from default events that are possible within the next 12-months (a 12-month ECL). For those credit exposures for which there has been a significant increase in credit risk since initial recognition, a loss allowance is required for credit losses expected over the remaining life of the exposure, irrespective of the timing of the default (a lifetime ECL).

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

Trade receivables

Trade receivables are recognized initially at the transaction price. They are subsequently measured at amortized cost using the effective interest method, less provision for impairment. A provision for impairment of trade receivables is established when there is objective evidence that full amounts due according to the original terms of the receivables will not be collected. Bad debts are written off as incurred.

Cash and cash equivalents

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

For the purpose of preparing the statement of cash flow, cash and cash equivalents include bank balances as explained above after deducting overdraft accounts with banks, if any, as they are considered an integral part of the Company's cash management.

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Notes to the financial statements (Continued)
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4. Summary of Significant Accounting Policies (Continued)

Statutory reserve

As required by the Saudi Arabian Regulations for Companies, the Company transfers 10% of its profit for the year to the statutory reserve until the reserve equals 30% of the share capital. The reserve is not available for distribution as dividends.

Employees' defined benefits obligations

Defined benefit programs

Liabilities in the statement of financial position relating to the employee defined benefit program are measured at the present value of the expected future payments at the reporting date, using the projected credit unit method, and are recorded as non-current liabilities. The defined benefit obligation is calculated at the end of each annual reporting period by an independent actuary using the projected credit unit method. The actuarial valuation process takes into account the provisions of the Saudi Labor Law and the Company's policy. The present value of the defined benefit obligation is determined by discounting the estimated future cash outflows using the commission rates of high-quality corporate bonds that are denominated in the currency in which the benefits will be paid and have terms that approximate those of the related obligations (or, if not available, market rates on government bonds are used). The commission cost is calculated by applying the discount rate to the net balance of the defined benefit obligation and this cost is recognized in the statement of profit or loss.

The cost of the defined benefit obligation is calculated using the actuarially determined retirement costs at the end of the previous financial year, after adjusting for significant market fluctuations and for any significant one-time events such as program modification, workforce reduction and repayment. In the absence of significant market fluctuations and one-time events, the actuarial liability is extended based on the assumptions at the beginning of the year. If there are significant changes in assumptions or arrangements during the year, they must be considered to re-measure these obligations and the costs associated with them.

Remeasurement gains and losses arising from adjustments and changes in actuarial assumptions in the year in which they occur are recognized in other comprehensive income. Changes in the present value of the defined benefit obligation arising from plan modifications or workforce reductions are recognized directly in profit or loss as prior service costs.

Short-term employee obligations

Liabilities related to benefits payable to employees, such as wages, salaries, annual and sick leave, and tickets, and which are expected to be paid during the twelve months after the end of the financial year in which the employees provide the related services, are recognized and measured in the financial statements at the undiscounted amounts expected to be paid when the obligations are settled.

Trade payables and the accrued balances

These amounts represent liabilities related to goods and services provided to the Company before the end of the year that has not been paid and are considered unsecured. Trade payables and notes payable are presented as current liabilities unless payment is not due within 12 months after the reporting date and initially recognized at their fair value and subsequently measured at amortized cost using the effective commission method.

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Notes to the financial statements (Continued)
For the Year Ended 31 December 2021

4. Summary of Significant Accounting Policies (Continued)

Provisions

General

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

If the effect of the time value of money is material, provisions are discounted using a current pre-tax rate that reflects, when appropriate, the risks specific to the liability. When discounting is used, the increase in the provision due to the passage of time is recognized as a finance cost.

Financial Liabilities

Initial recognition and measurement

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

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

Subsequent measurement

The subsequent measurement of financial liabilities depends on their classification as described below:

Loans and borrowings

After initial recognition, loans and borrowings are subsequently measured at amortized cost using the EIR method. Gains and losses are recognized in profit or loss when the liabilities are derecognized as well as through the EIR amortization process.

Derecognition

A financial liability is derecognized when the obligation under the liability is discharged or canceled or expires.

Offsetting of Financial Instruments

Financial assets and financial liabilities are offset with the net amount reported in the statement of financial position only if there is a current enforceable legal right to offset the recognized amounts and an intent to settle on a net basis or to realize the assets and settle the liabilities simultaneously.

Revenue from Contracts with Customers

Revenue from contracts with customers is recognized when control of the goods or services are transferred to the customer at an amount that reflects the consideration to which the Company expects to be entitled in exchange for such transfer.

Rights of return

Certain contracts provide a customer with a right to return the goods within a specified period. The Company uses the expected value method to estimate the goods that will not be returned because this method best predicts the amount of variable consideration to which the Company will be entitled. The requirements in IFRS 15 "Revenue from contracts with the customers" on constraining estimates of variable consideration are also applied in order to determine the amount of variable consideration that can be included in the transaction price. For goods that are expected to be returned, instead of recognizing it as revenue, the Company

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Notes to the financial statements (Continued)
For the Year Ended 31 December 2021

4. Summary of Significant Accounting Policies (Continued)

Rights of return (Continued)

recognizes a refund liability. A right of return asset (and the corresponding adjustment to cost of sales) is also recognized for the right to recover products from a customer.

Volume rebates

The Company provides retrospective volume rebates to certain customers once the quantity of goods purchased during the period exceeds a threshold specified in the contract. Rebates are offset against amounts payable by the customer. The Company applies the requirements on constraining estimates of variable consideration and recognises a refund liability for the expected future rebates.

Warranty obligations

The Company typically provides warranties for general repairs of defects that existed at the time of sale, as required by law. These assurance-type warranties are accounted for under IAS 37 Provisions, Contingent Liabilities and Contingent Assets.

Contract assets

A contract asset is the right to consideration in exchange for goods or services transferred to the customer. If the Company performs by transferring goods or services to a customer before the customer pays consideration or before payment is due, a contract asset is recognised for the earned consideration that is conditional.

Trade receivables

A receivable represents the Company's right to an amount of consideration that is unconditional (the passage of time is required before payment of the consideration is due). Refer to accounting policies of financial assets.

Contract liabilities

A contract liability is the obligation to transfer goods or services to a customer for which the Company has received consideration (or an amount of consideration is due) from the customer. If a customer pays consideration or the Company had an unconditional right to a consideration amount before the Company transfers goods or services to the customer, a contract liability is recognized when the payment is made, or the payment is due (whichever is earlier). Contract liabilities are recognized as revenue when the Company performs under the contract.

Assets and liabilities arising from rights of return

Right of return asset represents the Company's right to recover the goods expected to be returned by customers. The asset is measured at the former carrying amount of the inventory, less any expected costs to recover the goods, including any potential decreases in the value of the returned goods. The Company updates the measurement of the asset recorded for any revisions to its expected level of returns, as well as any additional decreases in the value of the returned products. A refund liability is the obligation to refund some or all of the consideration received (or receivable) from the customer and is measured at the amount the Company ultimately expects it will have to return to the customer. The Company updates its estimates of refund liabilities (and the corresponding change in the transaction price) at the end of each reporting period.

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Notes to the financial statements (Continued)
For the Year Ended 31 December 2021

4. Summary of Significant Accounting Policies (Continued)

Onerous contracts

If the Company has a contract that is expected to result in a loss, the present obligation under the contract is recognized and measured as a provision. However, before recognizing a separate provision for an impaired contract, the Company recognizes any impairment losses that have occurred in the assets relating to that contract.

The company as a lessee

The Company applies the short-term lease recognition exemption to short-term leases of buildings (i.e. leases that have a term of 12 months or less from the commencement date and do not contain a purchase option). Lease payments on short-term leases are recognized as an expense on a straight-line basis over the term of the lease.

The company as a lessor

The Company has entered in lease contracts in relation to its investment properties. The Company has determined, based on an evaluation of the terms and conditions of the arrangements, that it retains all the risks and benefits of ownership of these properties, and therefore the Company records these contracts as operating leases. Contract revenue is recognized in the statement of profit or loss using the straight-line method over the term of the lease contracts.

Revenue recognition

Revenue comprises the fair value of the consideration received or receivable for the sale of goods in the ordinary course of the Company's activities. Revenue is shown net of value-added tax, returns, rebates and discounts and after eliminating sales within the Company. If the Company provides interest-free credit to a buyer, revenue is recognized at the present value of the future payments.

The Company recognizes revenue from contracts with customers based on five-step model as set out in IFRS. The five steps are: identify the contract(s) with the customer, identify the performance obligations in the contract, determine the transaction price, allocate the transaction price, and recognize revenue when the performance obligation is satisfied.

The Company recognizes revenue when the amount of revenue can be measured reliably, it is probable that future economic benefits will flow to the entity, and when specific criteria are met for each of the Company's activities, as mentioned below.

A) Revenue from operation and maintenance services.

Operation and maintenance services are self-distinguishable as they are regularly provided by the Company to its clients on an independent basis and are available to clients of other service providers in the market. Revenue from maintenance and operation services is recognized in the accounting period in which the service is provided over time.

B) Revenues from providing call center services

It is one of the most important business units that make up Perfect Presentation for Commercial Services Company and it specializes in providing services for establishing and operating call centers, customer service and subscribers care. The most important services provided by this unit are:

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Notes to the financial statements (Continued)
For the Year Ended 31 December 2021

4. Summary of Significant Accounting Policies (Continued)

B) Revenues from providing call center services (Continued)

- Establishing and equipping call centers, customer service and taking care of subscribers.
- Management and operation of call centers, customer service and subscribers care.
- Providing trained and qualified human resources to work in call centers and customer service.
- Providing programs and systems for call centers, customer service and subscribers care, such as:
 - Open-source call center systems. "Contact Center System".
 - Interactive response systems through sound and image. "IVR".
 - Call recording systems. "Call Recording Systems".
 - Customer relationship management systems. "CRM"
 - Reporting systems for call center performance and real-time monitoring screens.
 - Specialized training in call centers, customer service, and customer care.
 - Providing advisory services specialized in establishing, managing and operating call centers, customer service, and taking care of subscribers.

Revenues from call center services are recognized in the accounting period in which the service is provided over time.

C) Revenue from licensing and development services (SWD)

Technological development and related applications have changed over the past three decades; During this period, applications have become more complex and shifted from mere tools to perform a single purpose to interconnected and integrated systems for businesses that reach far beyond the information center. And the audience of users has shifted from only technicians and specialists to all people in general. Today, people and companies use internet applications as an integral part of their daily lives, and applications have become part of the infrastructure just like electricity. When approaching the topic from this angle, it has become clear that organizations must manage and protect what has become one of their most important assets, namely applications. Revenue from providing computer software licensing services is recognized in the accounting period in which the service is provided at a specific point in time.

D) Revenue from providing text messaging services and subscriptions

Bulk SMS: The bulk text messaging service is one of the latest and best means used in the field of marketing and also for the purpose of sending notifications of all kinds to a target group or segment, or sending notices or providing services to a specific segment within the institution for the purpose of notifying them of the dates of meetings, conferences, or events. Revenue from providing text messaging services and subscriptions is recognized in the accounting period in which the service is provided over time.

E) Revenue from providing Internet services

Information and communication technology services through a wide variety of products designed specifically to meet the needs of companies, as we provide services from the Internet, connectivity, hosting and the establishment of information centers and networks to e-commerce and electronic payment services for information technology solutions. The accounting in which the service is provided at a specific point in time.

Dividend

The Company recognizes a liability to make distribution to shareholders when the distribution is authorized and is out of the Company's disposal. According to the companies' Regulations in the Kingdom of Saudi Arabia, a distribution is authorized when it is approved by the shareholders.

Perfect Presentation for Commercial Services Company
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Notes to the financial statements (Continued)
For the Year Ended 31 December 2021

4. Summary of Significant Accounting Policies (Continued)

Direct costs

Direct costs include all direct materials and labor costs, and those indirect costs related to contract performance.

Expenses

All operating expenses are distributed consistently to cost of revenue, selling and marketing expenses, and general and administration expenses using consistent distribution factors that are determined in proportion to the Company's activities.

Zakat

Zakat provision is provided for in accordance with the regulations of the Zakat, Tax and Customs Authority (ZATCA) in the kingdom of Saudi Arabia. The provision is charged to profit or loss.

Uncertain zakat position

The differences that may result when the assessments are completed are calculated if the assessments are completed with the Zakat, Tax and Customs Authority.

Value-added tax

Revenues and expenses are recognized net of the amount of value added tax, except where the value added tax incurred on a purchase of assets or services is not recoverable from (ZATCA), in this case, the value added tax is recognized as part of the cost of acquisition of the asset or as part of the expense item, as applicable. Trade receivables and trade payables are stated with the amount of value added tax included.

The net amount of value added tax recoverable from, or payable to, (ZATCA) is included as part of other assets or other liabilities in the statement of financial position

Withholding Tax

The Company withholds tax on certain transactions with non-resident parties in the Kingdom of Saudi Arabia in accordance with the Saudi Arabian Income Tax Law.

5. Application of New and Revised IFRSs

5.1. New and revised IFRSs applied with no material effect on the financial statements

The following new and revised IFRSs, which became effective for annual periods beginning on or after 1 January 2021, have been adopted in these financial statements. The application of these revised IFRSs has not had any material impact on the amounts reported for the current and prior years but may affect the accounting for future transactions or arrangements.

- Interest Rate Benchmark Reform
- COVID-19-Related Rent Concessions beyond 30 June 2021 (Amendment to IFRS 16)

5.2. New and revised IFRSs in issue but not yet effective and not early adopted

The Company has not yet early applied the following new standards, amendments and interpretations that have been issued but are not yet effective:

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Notes to the financial statements (Continued)
For the Year Ended 31 December 2021

5. Application of New and Revised IFRSs (Continued)

New and revised IFRSs	Effective for annual periods beginning on or after
Amendments to IFRS 10 <i>Consolidated Financial Statements</i> and IAS 28 <i>Investments in Associates and Joint Ventures</i> relating to the treatment of the sale or contribution of assets from an investor to its associate or joint venture.	Effective date deferred indefinitely
Amendments to IAS 1 <i>Presentation of Financial Statements</i> regarding the classification of liabilities.	January 1, 2023
Amendments to IAS 1 <i>Presentation of Financial Statements</i> and IFRS Practices 2 <i>Exercising Jurisprudence on Materiality - Disclosure of Accounting Policies</i>	January 1, 2023
IFRS 17 <i>Insurance Contracts</i> establishes the principles for the recognition, measurement, presentation, and disclosure of insurance contracts and supersedes IFRS 4 <i>Insurance Contracts</i> .	January 1, 2023
Amendments IFRS 3 <i>Business Combination</i> updating a reference to the Conceptual Framework	January 1, 2022
Amendments to IAS 16 <i>Property, Plant and Equipment</i> prohibiting a company from deducting from the cost of property, plant and equipment amounts received from selling items produced while the company is preparing the asset for its intended use	January 1, 2022
Amendments to IAS 37 <i>Provisions, Contingent Liabilities and Contingent Assets</i> regarding the costs to include when assessing whether a contract is onerous	January 1, 2022
Annual Improvements to IFRS 2018-2020 Revised Cycle of IFRS 1, 9 and 16 and IAS 41.	January 1, 2022
Amendments to IAS 8 <i>Accounting Policies, Changes in Accounting Estimates and Errors - Definition of Accounting Estimates</i>	January 1, 2023
Amendments to IAS 12 <i>Income Tax - Deferred tax</i> relating to assets and liabilities arising from a single transaction	January 1, 2023

Management anticipates that these new standards, interpretations, and amendments will be adopted in the Company's financial statements for the period of initial application and adoption of these new standards, interpretations and amendments may have no material impact on the financial statements of the Company in the period of initial application.

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Notes to the financial statements (Continued)
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6. Property, Plant and Equipment

	Land		Buildings		Vehicles		Furniture and Fixtures		Computers		Construction and Fitting		Improvements and Decorations		Project under Construction		Total	
	SR	SR	SR	SR	SR	SR	SR	SR	SR	SR	SR	SR	SR	SR	SR	SR	SR	SR
1 January 2020	3,587,500	16,360,499	1,327,900	2,641,741	7,714,099	748,799	1,873,677	45,045,000	79,299,215									
Additions	3,441,000	4,084,000	165,360	1,223,751	2,670,989	-	-	25,129,472	36,714,572									
Disposal	-	-	(975,400)	-	(2,190)	-	-	-	(977,590)									
31 December 2020	7,028,500	20,444,499	517,860	3,865,492	10,382,898	748,799	1,873,677	70,174,472	115,036,197									
Additions	-	-	551,450	1,858,603	1,691,401	149,600	-	17,551,269	21,802,323									
Disposals	-	-	-	(805,134)	(2,157,779)	-	-	-	(2,962,913)									
Transfers	45,045,000	38,586,411	-	489,960	114,570	3,489,800	-	(87,725,741)	-									
31 December 2021	52,073,500	59,030,910	1,069,310	5,408,921	10,031,090	4,388,199	1,873,677	-	133,875,607									

	Accumulated depreciation	
	SR	SR
1 January 2020	-	15,427,905
Charge for the year	4,443,967	1,759,460
Disposal	(1,063,380)	12,730
31 December 2020	3,380,587	17,200,195
Charge for the year	5,507,347	1,772,190
Disposals	(1,334,255)	1,155
31 December 2021	7,553,679	19,172,475

Net book value

31 December 2021	52,073,500	52,189,308	682,368	3,548,290	4,445,924	3,635,003	100,332	-	116,674,725
31 December 2020	7,028,500	14,937,152	202,158	1,812,543	3,728,262	74,880	101,487	70,174,472	98,059,454

-Projects under construction as at 31 December 2020 and 2019 represents the costs incurred for works of constructing and preparation for Al Qayrawan building which have been completed during the year.

-This caption includes land and buildings mortgaged as a guarantee of long-term loans amounting to SR 7,350,000.

-This item includes lands and buildings located in Al-Khuzama District, with a net book value of SR 13,750,118 as at 31 December 2021, which is subject to Royal Decree No. 61879, which stipulates the expropriation and temporary seizure of these properties. Refer to Note 33.

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Notes to the financial statements (Continued)
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6. Property, Plant and Equipment (Continued)

	Land		Buildings		Vehicles		Furniture and Fixtures		Computers		Construction and Fitting		Improvements and Decorations		Project under Construction		Total		
	SR	SR	SR	SR	SR	SR	SR	SR	SR	SR	SR	SR	SR	SR	SR	SR	SR	SR	
<u>Cost</u>																			
1 January 2019	3,587,500	16,346,643	1,327,900	2,281,014	7,676,458	748,799	1,870,177	-	33,838,491										
Additions	-	13,856	-	360,727	37,641	-	3,500	45,045,000	45,460,724										
31 December 2019	3,587,500	16,360,499	1,327,900	2,641,741	7,714,099	748,799	1,873,677	45,045,000	79,299,215										
Additions	3,441,000	4,084,000	165,360	1,223,751	2,670,989	-	-	2,512,947	36,714,572										
Disposals	-	-	(975,400)	-	(2,190)	-	-	-	(977,590)										
31 December 2020	7,028,500	20,444,499	517,860	3,865,492	10,382,898	748,799	1,873,677	70,174,472	115,036,197										
<u>Accumulated depreciation</u>																			
1 January 2019	-	3,477,371	722,720	1,328,780	5,304,731	592,590	1,752,847	-	13,179,039										
Charge for the year	-	966,596	258,037	307,895	628,396	81,329	6,613	-	2,248,866										
31 December 2019	-	4,443,967	980,757	1,636,675	5,933,127	673,919	1,759,460	-	15,427,905										
Charge for the year	-	1,063,380	201,380	416,274	723,699	-	12,730	-	2,417,463										
Disposals	-	-	(866,435)	-	(2,190)	-	-	-	(868,625)										
31 December 2020	-	5,507,347	315,702	2,052,949	6,654,636	673,919	1,772,190	-	16,976,743										
<u>Net book value</u>																			
31 December 2020	7,028,500	14,937,152	202,158	1,812,543	3,728,262	74,880	101,487	70,174,472	98,059,454										
31 December 2019	3,587,500	11,916,532	347,143	1,005,066	1,780,972	74,880	114,217	45,045,000	63,871,310										

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Notes to the financial statements (Continued)
For the Year Ended 31 December 2021

6. Property, Plant, and Equipment (Continued)

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

	31 December 2021	31 December 2020	31 December 2019
	SR	SR	SR
Cost of revenue (Note 24)	72,398	200,431	197,727
General and administrative expenses (Note 26)	2,818,299	2,217,032	2,051,139
	2,890,697	2,417,463	2,248,866

7. Investments at Fair Value Through OCI

	31 December 2021	31 December 2020	31 December 2019
	SR	SR	SR
1 January	1,014,027	-	-
Addition during the year		516,650	-
Changes in fair value during the year	487,477	497,377	-
31 December	1,501,504	1,014,027	-

This investment represents an investment in securities listed on the Saudi Stock Exchange ("Tadawul").

8. Investment in a Subsidiary

Company	Percentage of ownership %			Country of incorporation
	31 December 2021	31 December 2020	31 December 2019	
Smart Health for Communications and Information Technology Company	-	67%	-	Kingdom of Saudi Arabia

The movement of investment in a subsidiary for the year ended 31 December as follows:

	31 December 2021	31 December 2020	31 December 2019
	SR	SR	SR
1 January	19,089	-	-
Additions during the year	-	67,000	-
Share in the net losses of a subsidiary	-	(47,911)	-
Disposal during the year *	(19,089)	-	-
31 December	-	19,089	-

The Smart Health for Communications and Information Technology Company is a limited liability company registered in Riyadh under Commercial register number 1010651587 dated 17 Moharram 1442H (corresponding to 5 September 2020 G).

During the prior year, this investment was accounted for using the equity method instead of consolidation, as the Company benefited from exemptions from international standards, by not preparing consolidated financial statements where the Parent Company, Ideal for Business and Commercial Investment Company, prepares consolidated financial statements in accordance with IFRS that are endorsed in the Kingdom of Saudi Arabia, and other standards and pronouncements issued by SOCPA, and Regulations for Companies and the Company's Articles of Association that are related to the preparation and presentation of financial statements.

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Notes to the financial statements (Continued)
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8. Investment in a Subsidiary (Continued)

During the year, the Company disposed of all its shares in the subsidiary company (with its rights and obligations). The legal procedures have been completed with the transfer of these shares and the amendment of the Articles of Association in this regard.

9. Inventories

	31 December 2021	31 December 2020	31 December 2019
	SR	SR	SR
Bulk messages	<u>843,284</u>	1,330,198	1,082,037
Fingerprint devices	<u>48,491</u>	4,083,080	-
	<u>891,775</u>	<u>5,413,278</u>	<u>1,082,037</u>

10. Related Parties' Transaction and Balances

Related parties represent major shareholders / partners of the Company, managers and top management and entities controlled or significantly influenced by them. The nature of the relationship is described as follow:

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

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10. Related Parties' Transaction and Balances (Continued)

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

	31 December 2021 SR	31 December 2020 SR	31 December 2019 SR
Purchases from related parties	5,517,862	19,432,608	29,849,925
Financing, net	6,000,000	7,534,353	9,098,839
Expenses paid on behalf of related parties	(660,202)	(9,661,225)	6,613,876

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

	31 December 2021 SR	31 December 2020 SR	31 December 2019 SR
Information Technology Belt Company	1,570,858	738,485	624,525
Wahg Energy Establishment	26,672	-	-
Fawran Smart Logistics	9,341	-	-
Perfect Presentation for Technology Company- Jordan	-	1,322,164	1,143,908
Cloud Distribution for Communications and Information Technology Company	-	912,690	2,674,538
Perfect Presentation for Commercial Services Company- Egypt	-	882,335	882,335
Sustainable Energy Company	-	-	1,359,983
Nasser Abdullah bin Muhammad Al-Bassam	-	-	90,229
Saleh bin Ibrahim bin Hamad Al Mazrou Ideal for Business and Commercial Investment Company	-	-	73,107
Smart Health for Communications and Information Technology Company	-	-	74,000
	-	104,508	-
	1,606,871	3,960,182	6,922,625

The amounts due from related parties are not subject to any interest and do not have a specific repayment schedule.

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10. Related Parties' Transaction and Balances (Continued)

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

	31 December 2021 SR	31 December 2020 SR	31 December 2019 SR
Ideal for Business and Commercial Investment Company	4,083,610	5,803,830	-
Sustainable Energy Company	1,861,938	2,100,443	-
Cloud Distribution for Communications and Information Technology Company	12,140	-	-
Prime Technical Contracting Establishment	-	6,757,455	233,881
	<u>5,957,688</u>	<u>14,661,728</u>	<u>233,881</u>

The amounts due to related parties are not subject to any interest and do not have a specific schedule for payment.

Key Management Personal Remunerations

	31 December 2021 SR	31 December 2020 SR	31 December 2019 SR
Related party			
Key Management Personal Remunerations	<u>7,666,609</u>	<u>8,063,277</u>	<u>6,927,612</u>

Key Management Personal Remunerations consists of salaries, benefits, end of service benefits and other provisions.

11. Contracts Assets

	31 December 2021 SR	31 December 2020 SR	31 December 2019 SR
Accrued amounts from clients under contracts	<u>192,098,326</u>	<u>61,707,235</u>	<u>36,488,547</u>

12. Trade Receivables

	31 December 2021 SR	31 December 2020 SR	31 December 2019 SR
Trade receivables	99,981,064	(Restated) 121,999,771	(Restated) 74,671,558
Less: allowance for expected credit losses	<u>(2,151,635)</u>	<u>(647,205)</u>	<u>(4,583,170)</u>
	<u>97,829,429</u>	<u>121,352,566</u>	<u>70,088,388</u>

As at 31 December 2021, the Company's trade receivables are mainly concentrated from government agencies with an amount of SR 79,802,419, representing 80% of total trade receivables (31 December 2020: SR 101,054,984 representing 80% of total trade receivables and 31 December 2019: SR 66,305,414 representing 89% of total trade receivables).

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12. Trade Receivables (Continued)

The movement in the allowance for expected credit losses for the trade receivables for the years ended 31 December is as follows:

	<u>31 December 2021</u> SR	<u>31 December 2020</u> SR (Restated)	<u>31 December 2019</u> SR (Restated)
1 January	647,205	4,583,170	-
Additions	1,504,430	2,803,636	10,032,290
Write-offs	-	(6,739,601)	(5,449,120)
31 December	<u>2,151,635</u>	<u>647,205</u>	<u>4,583,170</u>

The aging analysis of trade receivables as at 31 December, it is as follows:

Balances that are past due but not impaired

	<u>Total</u> SR	<u>Not due</u> <u>and not</u> <u>impaired</u> SR	<u>31-60</u> <u>days</u> SR	<u>61-90</u> <u>days</u> SR	<u>91-180</u> <u>days</u> SR	<u>181-360</u> <u>days</u> SR	<u>More than</u> <u>360 days</u> SR
31 December 2021	<u>99,981,064</u>	<u>16,252,488</u>	<u>9,903,009</u>	<u>29,247,062</u>	<u>18,797,570</u>	<u>13,824,455</u>	<u>11,956,480</u>
31 December 2020 (Restated)	121,999,771	40,551,412	34,918,243	17,151,050	15,686,256	9,999,744	3,693,066
31 December 2019 (Restated)	74,671,558	28,558,065	12,557,925	9,842,920	9,160,688	7,902,260	6,649,700

The provision for the Company's trade receivables is measured at an amount equal to the lifetime expected credit losses of the receivable. The expected credit losses on trade receivables are estimated using a matrix based on past experiences in late payments by debtors and an analysis of the current financial position of the debtor, adjusted for debtor factors and general economic conditions of the sector in which they operate and an assessment of current and expected conditions at the date of the financial statements.

13. Prepaid Expenses and Other Debit Balances

	<u>31 December 2021</u> SR	<u>31 December 2020</u> SR (Restated)	<u>31 December 2019</u> SR (Restated)
Bank margins	9,542,337	7,729,147	9,876,018
Advances to suppliers	2,759,378	3,221,258	6,500,887
Prepaid expenses	7,472,790	2,968,676	3,332,201
Employee's receivables	796,526	608,156	592,239
Others	718,982	20,146	20,146
	<u>21,290,013</u>	<u>14,547,383</u>	<u>20,321,491</u>

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14. Cash and Cash Equivalents

	31 December 2021 SR	31 December 2020 SR (Restated)	31 December 2019 SR (Restated)
Cash at banks	69,119,640	10,099,637	3,086,644
Cash on hand	339,418	448,554	263,706
	<u>69,459,058</u>	<u>10,548,191</u>	<u>3,350,350</u>

15. Share Capital and Additional Share Capital

A) Share Capital

The Company share capital amounting to SR 20,000,000 as at 31 December 2021 consist of 2,000,000 nominal shares of SR 10 each, all of which are common shares (31 December 2020 and 2019: SR 20,000,000 consisting of 1,000 units of SR 20,000 each), distributed among the Shareholders / Partners as follows:

	31 December 2021		31 December 2020 and 2019	
	No. of shares	Share capital SR	No. of units	Share capital SR
Shareholders / Partners				
Ideal for Business and Commercial				
Investment Company	652,000	6,520,000	740	14,800,000
Saleh bin Ibrahim bin Hamad Al Mazrou	260,000	2,600,000	130	2,600,000
Nasser Abdullah bin Muhammad Al-Bassam	260,000	2,600,000	130	2,600,000
Nada Mohammad Alissa	138,000	1,380,000	-	-
Ibrahim Saleh Al Mazrou	138,000	1,380,000	-	-
Al-Jawhra Saleh Al Mazrou	138,000	1,380,000	-	-
Hassa Sultan Mohammad Al Sultan	82,800	828,000	-	-
Aseel Nasser Al Bassam	82,800	828,000	-	-
Sadeem Nasser Al Bassam	82,800	828,000	-	-
Abdallah Nasser Al Bassam	82,800	828,000	-	-
Yousef Nasser Al Bassam	82,800	828,000	-	-
	<u>2,000,000</u>	<u>20,000,000</u>	<u>1,000</u>	<u>20,000,000</u>

B) Additional Share Capital

The additional share capital represents the paid amount contributed by the partners/founders to support and finance the operations of the company and it was waived in favor of the Company for the purpose of increasing the Company's share capital.

16. Statutory Reserve

In accordance with the Regulations for Companies in kingdom of Saudi Arabia and the Company's by-laws, the Company established a statutory reserve by appropriation of 10% of the annual net profit until the reserve reached 30% of the share capital. This reserve is not available for distribution as dividends.

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17. Employees' Defined Benefit Obligation

The Company is required to pay post-employment benefits to all employees in accordance with Saudi Labor Laws on termination of their employment. The employees' defined benefit obligation is estimated through actuarial method using the projected unit credit method.

Reconciliation of the present value of the employees' defined benefit obligation

	31 December 2021 SR	31 December 2020 SR (Restated)	31 December 2019 SR (Restated)
1 January	13,817,159	7,389,495	5,559,672
Current service cost	11,671,738	6,265,286	1,960,803
Finance cost	283,141	186,957	256,060
Total charged to profit or loss	11,954,879	6,452,243	2,216,863
Actuarial re-measurement loss	126,915	2,290,590	451,456
Total charged to other comprehensive income	126,915	2,290,590	451,456
Paid	(4,983,013)	(2,315,169)	(838,496)
31 December	20,915,940	13,817,159	7,389,495

Principal actuarial assumptions

The following significant actuarial assumptions were used by the Company for the valuation of the employees' defined benefit obligation:

	31 December 2021	31 December 2020 (Restated)	31 December 2019 (Restated)
Valuation discount rate	2.75%	3.50%	3%
Expected rate of increase in salary level	2.75%	3.50%	3%
Employee turnover	High	High	High

The sensitivity analysis of principal actuarial assumptions is as follows:

	31 December 2021		31 December 2020 (Restated)		31 December 2019 (Restated)	
	%	SR	%	SR	%	SR
Valuation discount rate						
Increase	+1%	19,256,234	+1%	12,841,071	+0.5%	7,095,741
Decrease	-1%	22,845,103	-1%	14,950,494	-0.5%	7,705,837
Expected rate of increase in salary						
Increase	+1%	22,845,103	+1%	14,938,686	+0.5%	7,569,756
Decrease	-1%	19,241,094	-1%	12,832,138	-0.5%	7,219,216

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18. Bank Facilities

A) Long- term loans

Long term loans comprise the following:

	31 December 2021 SR	31 December 2020 SR (Restated)	31 December 2019 SR (Restated)
Non-current portion	7,256,103	9,953,435	-
Current portion	2,697,331	847,608	-
	9,953,434	10,801,043	-

The Company obtained loans from various commercial banks. These loans generally bear finance costs based on inter-bank offer rates which charge finance fees at prevailing inter-bank rate in the kingdom of Saudi Arabia ("SIBOR") plus a fixed margin agreed upon between the parties. Certain of these loans are secured by a mortgage on property, plant and equipment (Note 6).

The maturity schedule of long-term loans is as follows:

	31 December 2021 SR	31 December 2020 SR (Restated)	31 December 2019 SR (Restated)
For years ended 31 December			
2021	-	847,608	-
2022	2,697,331	2,697,331	-
2023	2,812,080	2,812,080	-
2024	2,931,711	2,931,712	-
2025	1,512,312	1,512,312	-
	9,953,434	10,801,043	-

B) Short-term loans

Short-term loans comprise the following:

	31 December 2021 SR	31 December 2020 SR	31 December 2019 SR
Short-term bank loans	84,033,300	67,040,118	60,685,448
	84,033,300	67,040,118	60,685,448

These loans represent credit facilities obtained from various commercial banks and bear financial charges at prevailing market rates which are based on inter-bank offer rates which charge finance fees at prevailing inter-bank rate in the kingdom of Saudi Arabia ("SIBOR") plus a margin agreed upon between the parties. Management intends to roll over the short-term loans at maturity. Certain of these loans are secured by personal guarantee of the Partners, signing promissory notes, and assignment of trade receivables for projects funded through these facilities.

C) Breach of loan covenants

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

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19. Unearned Revenues

	31 December 2021 SR	31 December 2020 SR (Restated)	31 December 2019 SR (Restated)
Contracts liabilities - Projects	39,905,544	11,845,299	14,555,041
Unearned revenues - Text messages (Yamamah)	18,431,599	17,613,613	8,057,307
	<u>58,337,143</u>	<u>29,458,912</u>	<u>22,612,348</u>

20. Accrued Expenses and Other Credits Balances

	31 December 2021 SR	31 December 2020 SR (Restated)	31 December 2019 SR (Restated)
Accrued salaries and wages	35,289,032	1,596,300	1,769,510
Accrued vacations	20,313,107	16,106,087	5,668,673
Value added tax, net	9,262,565	2,461,661	265,207
Advance from customers	4,492,619	4,647,082	10,741,253
Social security	3,451,258	3,140,646	1,032,594
Accrued commissions	2,781,024	5,665,096	3,496,813
Projects provisions	9,664,077	-	-
Others	6,284,397	6,978,017	3,638,706
	<u>91,538,079</u>	<u>40,594,889</u>	<u>26,612,756</u>

21. Zakat Payable

The principal elements of the Zakat base are as follows:

	31 December 2021 SR	31 December 2020 SR	31 December 2019 SR
Owner equity, opening balance	78,740,862	34,436,026	43,800,880
Adjusted net income before zakat	107,351,655	69,812,089	34,109,480
Non-current liabilities and others	68,565,905	11,147,521	43,643,540
Non-current assets and others	(116,674,725)	(99,073,481)	(63,871,310)

Some of these balances are adjusted to reach for zakat base.

Zakat was calculated based on 2.5% of zakat base or net adjusted income for the year whichever is higher.

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

	31 December 2021 SR	31 December 2020 SR	31 December 2019 SR
1 January	1,745,302	1,460,376	911,792
Charge for the year	3,466,921	1,745,302	1,460,376
Shortage in provision in prior years	145,782	-	-
Paid during the year	(1,884,616)	(1,460,376)	(911,792)
31 December	<u>3,473,389</u>	<u>1,745,302</u>	<u>1,460,376</u>

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21. Zakat Payable (Continued)

Zakat status

The Company has filed its zakat returns up to the year ended 31 December 2020 to the Zakat, Tax and Customs Authority and received a final certificate. During the year 2021, the Company received an amendment letter (Zakat assessment) from the Zakat, Tax and Customs Authority for the year 2015 showing the existence of zakat differences in the amount of SR 145,782 which has been paid by the Company, and therefore the Company ended its zakat status for the year 2015, and the remaining years are still under study by the Authority.

22. Dividends

During 2021, the General Assembly of Partners approved to distribute dividends amounting to SR 32,376,562 (2020: SR 22,000,000; 2019: SR 8,000,000).

23. Segment Information

The information relating to the Company's operating segments is provided below in accordance with IFRS (8) Operating Segments. IFRS 8 requires operating segments to be identified on the basis of internal reports that are reviewed in the system by the Chief Operating Officer as the Company's Chief Operating Decision-Maker and used to allocate resources to the segments and assess their performance. The Company's operating sectors, which are regularly reported to the Company's Chief Operating Officer, are represented by business units according to products and services. They are represented by three operating sectors, which are as follows:

1. Operation and maintenance services.
2. Call Center services.
3. Software licenses and development services (including providing text messaging services and subscriptions and providing Internet services).

Disaggregation of revenue

Set out below is the disaggregation of the Company's revenue from contracts by type of products or services, timing or revenue recognition and type of customers:

	31 December 2021 SR	31 December 2020 SR	31 December 2019 SR
		(Restated)	(Restated)
Timing of revenue recognition			
Products transferred at a point in time	10,097,725	7,782,216	12,541,660
Service transferred overtime	645,380,486	474,692,833	285,560,365
	655,478,211	482,475,049	298,102,025
	31 December 2021 SR	31 December 2020 SR	31 December 2019 SR
		(Restated)	(Restated)
Type of customers			
Government and government-controlled	565,651,105	400,387,136	227,645,973
Private sector	89,827,106	82,087,913	70,456,052
	655,478,211	482,475,049	298,102,025

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23. Segments Information (Continued)

Disaggregation of revenue (Continued)

	<u>31 December 2021</u> SR	31 December 2020 SR (Restated)	31 December 2019 SR (Restated)
Products or services			
Operation and maintenance services	212,473,006	134,494,013	114,942,757
Call Center services	301,666,363	231,178,961	107,409,251
Software licenses and development services (SWD)	141,338,842	116,802,075	75,750,017
	<u>655,478,211</u>	<u>482,475,049</u>	<u>298,102,025</u>

The following table shows the information related to the total trade receivables for the Company's operating segments as at 31 December:

	<u>31 December 2021</u> SR	31 December 2020 SR (Restated)	31 December 2019 SR (Restated)
Products or services			
Operation and maintenance services	44,543,279	41,012,937	29,839,440
Call Center services	28,310,929	49,164,895	23,453,122
Software licenses and development services (SWD)	27,126,856	31,821,939	21,378,996
	<u>99,981,064</u>	<u>121,999,771</u>	<u>74,671,558</u>

24. Cost Of Revenue

	<u>31 December 2021</u> SR	31 December 2020 SR (Restated)	31 December 2019 SR (Restated)
Salaries, wages and other benefits	334,508,829	232,513,794	120,363,379
Cost of equipment, software, services and support	169,656,834	135,436,337	109,997,759
Insurance	11,980,206	9,075,281	5,167,766
Government fees	7,562,474	4,512,138	2,731,592
Borrowing cost	6,756,384	4,896,052	2,572,346
Maintenance and repair	2,359,405	689,817	96,785
Travel and transportation	676,831	362,091	1,694,555
Subscriptions	519,083	330,872	70,190
Depreciations	72,398	200,431	197,727
Others	5,379,967	3,437,550	476,412
	<u>539,472,411</u>	<u>391,454,363</u>	<u>243,368,511</u>

25. Selling and Distribution Expenses

	<u>31 December 2021</u> SR	31 December 2020 SR (Restated)	31 December 2019 SR (Restated)
Salaries, wages and other benefits	3,787,289	2,392,085	2,004,262
Bank expenses and others	2,451,562	1,165,690	1,029,018
Tenders fees	688,078	882,344	680,350
Travel and transportation	215,819	215,258	205,700
Others	660,802	435,995	226,032
	<u>7,803,550</u>	<u>5,091,372</u>	<u>4,145,362</u>

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26. General and Administrative Expenses

	31 December 2021	31 December 2020	31 December 2019
	SR	SR	SR
Salaries, wages and other benefits	11,496,001	14,688,435	8,841,501
Depreciations	2,818,299	2,217,032	2,051,139
Electricity and water	1,220,434	309,407	275,841
Repair and maintenance	592,194	250,914	158,950
Government fees	586,339	371,819	231,691
Professional fees	571,495	471,020	274,277
Telephone, postage, and internet	261,187	247,738	46,546
Travel and transportation	239,379	12,523	29,723
Donations	100,800	122,817	100,800
Hospitality	89,307	67,492	71,282
Subscriptions	19,533	110,748	50,647
Other	2,459,082	1,132,766	3,679,619
	<u>20,454,050</u>	<u>20,002,711</u>	<u>15,812,016</u>

27. Finance Cost

	31 December 2021	31 December 2020	31 December 2019
	SR	SR	SR
Bank expenses and others	3,491,352	2,101,355	1,849,807
Finance cost- Employees' Defined Benefit Obligation (Note 17)	283,141	186,957	256,060
	<u>3,774,493</u>	<u>2,288,312</u>	<u>2,105,867</u>
Borrowing cost (Note 24)	6,756,384	4,896,052	2,572,346
Bank expenses and others (Note 25)	2,451,562	1,165,690	1,029,018
	<u>12,982,439</u>	<u>8,350,054</u>	<u>5,707,231</u>

28. Other Income, net

	31 December 2021	31 December 2020	31 December 2019
	SR	SR	SR
Rentals income	1,263,025	653,015	613,453
Training revenue	517,000	-	-
Loss on disposal of property, plant and equipment	(296,355)	(26,000)	-
Reverse provision that are no longer needed	-	2,624,244	628,681
Supplier debt closure	-	1,671,361	-
Bad debts collection	113,431	130,673	585,593
Others	141,907	276,695	-
	<u>1,739,008</u>	<u>5,329,988</u>	<u>1,827,727</u>

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29. Earnings Per Share

	31 December 2021	31 December 2020	31 December 2019
	SR	SR	SR
		(Restated)	(Restated)
Net profit for the year	80,615,566	64,371,430	23,005,330
Weighted average number of ordinary shares / units	2,000,000	2,000,000	2,000,000
Earnings per share – basic and diluted	40.3	32.2	11.5

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

Basic earnings per share is calculated by dividing the net profit for the year attributable to Shareholders/Partners by the weighted average number of ordinary shares outstanding during the year. For the purposes of calculating earnings for the years 2020 and 2019 and since the number of units is equal to the number of shares after it was converted from a limited liability company to a closed joint stock company and maintained the same share capital, the earnings is calculated by assuming one legal entity, i.e. a closed joint stock company.

30. Contingent Liabilities

The Company is contingently liable for bank guarantees issued in the normal course of business as at 31 December

	31 December 2021	31 December 2020	31 December 2019
	SR	SR	SR
		(Restated)	(Restated)
Letters of guarantees	206,067,884	97,224,177	84,956,712
	206,067,884	97,224,177	84,956,712

- During the Company's normal business course, some immaterial cases against the Company arise, and are currently being pled, but the final outcome of these cases cannot be determined with certainty. Management believes that the results of these cases will not have a material impact on the Company's financial statements for the year ended 31 December 2021.

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31. Prior Years Restatements

During the year ended 31 December 2021, the Company adjusted the opening balance of retained earnings in accordance with the requirements of International Accounting Standard No. (8) "Accounting Policies, Changes in Accounting Estimates and Errors".

The following are adjustments to the statement of financial position as at 31 December 2020:

	31 December 2020 SR	Reclassification SR	Remeasurement SR	31 December 2020 SR
Note	(Before Restatement)			(Restated)
Assets				
Trade receivables	121,999,771	-	(647,205)	121,352,566
Total		-	(647,205)	
Equity				
Retained earning	79,280,395	-	(833,282)	78,447,113
Total		-	(833,282)	
Liabilities				
Unearned revenues	-	29,272,835	186,077	29,458,912
Accrued expenses and other credit balances	69,867,724	(29,272,835)	-	40,594,889
Total		-	(647,205)	

The following are adjustments to the statement of financial position as at 31 December 2019:

	31 December 2019 SR	Reclassification SR	Remeasurement SR	31 December 2019 SR
Note	(Before Restatement)			(Restated)
Assets				
Trade receivables	73,241,466	-	(3,153,078)	70,088,388
Total		-	(3,153,078)	
Equity				
Retained earning	45,075,500	-	(3,896,819)	41,178,681
Total		-	(3,896,819)	
Liabilities				
Unearned revenues	-	21,868,607	743,741	22,612,348
Accrued expenses and other credit balances	48,481,363	(21,868,607)	-	26,612,756
Zakat Payable	1,460,376	-	-	1,460,376
Total		-	(3,153,078)	

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31. Prior Years Restatements (Continued)

The following are adjustments to the statement of profit or loss and other comprehensive income for the year ended 31 December 2020 are as follows:

	Note	31 December 2020 SR (Before Restatement)	Reclassification SR	Remeasurement SR	31 December 2020 SR (Restated)
Revenue	C	492,031,355	-	(9,556,306)	482,475,049
Cost of revenue	C	(401,568,333)	-	10,113,970	(391,454,363)
General and administrative expenses	A	(25,312,220)	5,309,509	-	(20,002,711)
Impairment loss on trade receivables	A, B	-	(5,309,509)	2,505,873	(2,803,636)
Profit before zakat		63,053,195	-	3,063,537	66,116,732
Net profit for the year		61,307,893	-	3,063,537	64,371,430
Other comprehensive income					
Total comprehensive income for the year		59,514,680	-	3,063,537	62,578,217

The following are adjustments to the statement of profit or loss and other comprehensive income for the year ended 31 December 2019 are as follows:

	Note	31 December 2019 SR (Before Restatement)	Reclassification SR	Remeasurement SR	31 December 2019 SR (Restated)
Revenue	C	306,159,332	-	(8,057,307)	298,102,025
Cost of revenue	C	(250,682,077)	-	7,313,566	(243,368,511)
General and administrative expenses	A	(22,691,228)	6,879,212	-	(15,812,016)
Impairment loss on trade receivables	A, B	-	(6,879,212)	(3,153,078)	(10,032,290)
Profit before zakat		28,362,525	-	(3,896,819)	24,465,706
Net profit for the year		26,902,149	-	(3,896,819)	23,005,330
Other comprehensive income					
Total comprehensive income for the year		26,450,693	-	(3,896,819)	22,553,874

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31. Prior years restatements (Continued)

Illustrative notes to reconcile the statement of financial position as at 31 December 2020 and 31 December 2019, and the statement of profit or loss and other comprehensive income for the year ended 31 December 2020 and for the year ended 31 December 2019:

(A) Some of the comparative figures have been reclassified to correspond to the presentation of the financial statements for the current year.

(B) The impact of International Financial Reporting Standards No. (9) for expected credit losses for the years ending in 2019 and 2020 have been reversed by calculating the Impairment loss on trade receivables by applying the provision matrix on the total trade receivables, classifying them as credit in terms of their ages, and determining the risk ratio accordingly.

(C) The impact on revenues and costs resulting from the product of selling text message (Yamamah) has been reversed according to International Financial Reporting Standards No. (15) by remeasuring and interpreting the mechanism of applying International Financial Reporting Standards No. (15) from the method of calculating revenue when charging balances to customers to the method of calculating revenue against customers' use of the charged balance, which resulted in a change in the revenue calculation from a point in time to over time.

32. Risk Management of Financial Instruments

The Company's activities expose it to various financial risk, such as credit risk, liquidity risk, market price risk, currency risk, commission price risk and equity price risk.

Credit risk

Credit risk is the risk that one party will fail to discharge an obligation and cause the other party to incur a financial loss. The Company is exposed to credit risk on its trade receivables and bank balances. The Company manages credit risk in relation to contract assets and trade receivables through the credit limits for each customer and monitor the uncollected receivables on continuously. Receivable balances are monitored so that the Company does not incur significant bad debts. Cash balances in the banks are maintained with high credit rating financial institutions.

The Company's maximum exposure to credit risk is limited to the carrying amount of financial assets recognized at the reporting date December 31, as summarized below:

	31 December 2021	31 December 2020	31 December 2019
	SR	SR	SR
Cash and cash equivalents	69,459,058	10,548,191	3,350,350
Due from related parties	2,489,206	3,960,182	6,922,625
Contracts assets	192,098,326	61,707,235	36,488,547
Trade receivables	97,829,429	121,352,566	70,088,388
Investments at FVOCI	1,501,504	1,014,027	-
Other receivables	2,759,378	3,221,258	6,500,887
	366,136,901	201,803,459	123,350,797

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32. Risk Management of Financial Instruments (Continued)

Liquidity risk

Liquidity risk is the risk that an enterprise will encounter difficulty in raising funds to meet commitments associated with financial instruments. Liquidity risk may result from an inability to sell a financial asset quickly at an amount close to its fair value. Liquidity risk is managed by monitoring on a regular basis that sufficient funds are available through committed credit facilities to meet any future commitments for the Company.

The Company has assessed the concentration of risk in relation to its debt refinancing and has concluded that it is low. Adequate access to funding sources is available, and there is a possibility to renew debts maturing within 12 months with existing lenders.

The table below summarizes the maturity of the Company's undiscounted contractual obligations related to the financial obligations:

	Saudi riyals			
	Less than one year	More than one year and less than five years	More than five years	Total
31 December 2021				
Trade payables	67,425,738	-	-	67,425,738
Due to related parties	6,840,023	-	-	6,840,023
Accrued expenses and other credit balances	91,538,079	-	-	91,538,079
Loans	86,730,631	7,256,103	-	93,986,734
Zakat payable	3,473,389	-	-	3,473,389
	256,007,860	7,256,103	-	263,263,963
	Saudi riyals			
	Less than one year	More than one year and less than five years	More than five years	Total
31 December 2020 (Restated)				
Trade payables	27,384,830	-	-	27,384,830
Due to related parties	14,661,728	-	-	14,661,728
Accrued expenses and other credit balances	40,594,889	-	-	40,594,889
Loans	67,887,726	9,953,435	-	77,841,161
Zakat payable	1,745,302	-	-	1,745,302
	152,274,475	9,953,435	-	162,227,910

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32. Risk Management of Financial Instruments (Continued)

Liquidity risk (Continued)

	Saudi riyals			Total
	Less than one year	More than one year and less than five years	More than five years	
<u>31 December 2019 (Restated)</u>				
Trade payables	12,591,237	-	-	12,591,237
Due to related parties	233,881	-	-	233,881
Accrued expenses and other credit balances	26,612,756	-	-	26,612,756
Loans	60,685,448	-	-	60,685,448
Zakat payable	1,460,376	-	-	1,460,376
	<u>101,583,698</u>	-	-	<u>101,583,698</u>

Market risk

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

Currency Risk

Currency risk is the risk that the value of financial instruments will fluctuate due to changes in foreign exchange rates. Currency risk arises when future commercial transactions and recognized assets and liabilities are denominated in a currency that's not the Company currency. The Company's exposure to foreign exchange risks is primarily limited to transactions in US dollars, and the Company's management believes that its exposure to currency risks linked to the US dollar is limited because the exchange rate of the Saudi riyal is pegged to the US dollar. The fluctuation in exchange rates against foreign currencies is monitored on a continuous basis.

Commission rate risk

Commission rate risk represents the risk that the fair value or future cash flows of a financial instrument will fluctuate as a result of changes in commission rates prevailing in the market. The risks of changes in commission rates prevailing in the market to which the Company is exposed mainly relate to the Company's long-term loan commitments, which are linked to a floating rate. The Company manages commission rate risk by monitoring commission rates on loans and facilities linked to variable commission rates. In the event of a change in the value of the commission rates by 1%, the effect will be insignificant, increasing or decreasing the amount of financing costs.

Equity price risk

The Company's exposure to equity price risk arises from the investments acquired by the company that are classified as investments in equity instruments listed at fair value through the statement of profit or loss and other comprehensive income. The Company has no price risk arising from investments in equity instruments, as the Company's investments are classified as investments in equity instruments carried at fair value through other comprehensive income.

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33. Significant Events

Based on the Royal Decree No. 61879, issued on 27 Shawwal 1442H (corresponding to 8 June 2021) to expropriate real estate and temporary seizure of these properties within the Al-Khuzama district that are needed by the Diriyah Gate Development Authority for the purpose of developing its project for the public benefit, the Company's management submitted all the required regulatory documents in this regard via the electronic portal. Until the date of preparing the financial report, there was no official letter or response from the authority explaining the amount or mechanism of compensation, which must reflect its impact in these financial statements. Note that the Company's management obtained a recent evaluation of this property, which showed that there was no need to record any impairment losses.

34. Subsequent Events

In the management opinion, there are no significant subsequent events after the year ended 31 December 2021 that could have a material impact on the Company's financial position or results of operation.

35. Approval of the Financial Statements

The financial statements were approved by the Company's Board of Directors on 29 Rajab 1443H (corresponding to 2 March 2022G).