ARAB SEA INFORMATION SYSTEMS COMPANY
(A SAUDI JOINT STOCK COMPANY)

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

ARAB SEA INFORMATION SYSTEMS COMPANY
(A SAUDI JOINT STOCK COMPANY)

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

INDEX	PAGES

RSM Allied Accountants Professional Services Co.
Riyadh - Olaya District - Al Oruba Street
1st Floor, Building No. 3193
P.O. Box 8335, Riyadh - 12333
Tel.: +966 11 416 9361
Fax: +966 11 416 9349
Kingdom of Saudi Arabia
www.rsmsaudi.com
C.R : 4030228773

شركة ار اس ام المحاسبون المتحدون للإستشارات المهنية
الرياض – حي العليا - طريق العروبة
مبنى رقم ٣١٩٣ ، الطابق الأول
ص. ب ٨٣٣٥ ، الرياض - ١٢٣٣٣
هاتف: ٩٣٦١ ٤١٦ ١١ ٩٦٦+
فاكس: ٩٣٤٩ ٤١٦ ١١ ٩٦٦+
المملكة العربية السعودية
www.rsmsaudi.com
س.ت ٤٠٣٠٢٢٨٧٧٣

INDEPENDENT AUDITOR'S REPORT

To the shareholders of
Arab Sea Information Systems Company
(A Saudi Joint Stock Company)

Opinion:

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

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Group as at December 31, 2023, and its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with International Financial Reporting Standards (IFRSs) that are endorsed in the Kingdom of Saudi Arabia and other standards and pronouncements that are endorsed by the Saudi Organization for Chartered and Professional Accountants (SOCPA).

Basis for Opinion:

We conducted our audit in accordance with International Standards on Auditing (ISAs) that are endorsed in the Kingdom of Saudi Arabia. Our responsibilities under those standards are further described in the *"Auditor's Responsibilities for the Audit of the Consolidated Financial Statements"* section of our report. We are independent of the Group in accordance with the International Code of Ethics for Professional Accountants (including International Independence Standards) that are endorsed in the Kingdom of Saudi Arabia, and we have fulfilled our other ethical responsibilities in accordance with that Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key audit matters:

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

INDEPENDENT AUDITOR'S REPORT (CONTINUED)

To the shareholders of
Arab Sea Information Systems Company
(A Saudi Joint Stock Company)

Key audit matters (Continued):

Key audit matter	How the matter was addressed in our audit
Impairment Assessment of Intangible Assets As of December 31, 2023, the carrying value of the intangible assets amounted to SR 125.3 million (December 31, 2022: SR 126.6 million). The Group carried out an annual impairment assessment to assess the recoverable values of intangible assets. For the purposes of evaluation of the recoverable amount, the value in use model has been used to determine the recoverable amount, under which the future cash flows relating to each of the Cash Generating Units (CGU) were discounted and compared to their respective carrying amounts. Value in use model requires input of several key assumptions, including estimates of future sales volumes, prices, operating costs, growth rates and discount rates. During the annual impairment assessment, there was no reversal or impairment from intangible assets valuation as of December 31, 2023, accordingly, nothing was recorded in the consolidated statement of comprehensive income. We considered intangible assets impairment to be a key audit matter due to the extent of judgement and assumptions involved in the impairment assessment process.	Our audit procedures performed included, among others, the following: • Assessed the design and implementation and effectiveness of the internal controls associated with the Group's procedures for the impairment in value of intangible assets, in addition to evaluating the key assumptions used. • Reviewed and evaluated the impairment testing of intangible assets prepared by an independent expert. • Used our experts to test the key assumptions used in the computation of value in use. Also, we have assessed the reasonableness of key assumptions in relation to the future estimated cash flows. • Tested the accuracy and completeness of the information provided by the management which was used as a basis to assess the impairment in value of intangible assets. • Reperformed through sensitivity analysis on the key assumptions to ascertain the extent of change in those assumptions that would be required for the intangible assets to be impaired. • Assess the adequacy of the disclosures made by the Group in relation to the intangible assets with taking into consideration the related accounting standards requirements.
Refer to Note number (4) to the consolidated financial statements regarding material accounting policies information related to impairment of intangible assets and Note number (6) related to the impairment disclosure.	

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

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

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

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

INDEPENDENT AUDITOR'S REPORT (CONTINUED)

To the shareholders of
Arab Sea Information Systems Company
(A Saudi Joint Stock Company)

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

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with IFRSs that are endorsed in the Kingdom of Saudi Arabia, and other standards and pronouncements endorsed by SOCPA, the applicable requirements of the Companies Law and the Company's Bylaws, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

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

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

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements:

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

As part of an audit in accordance with ISAs, that are endorsed in the Kingdom of Saudi Arabia, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

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

INDEPENDENT AUDITOR'S REPORT (CONTINUED)

To the shareholders of
Arab Sea Information Systems Company
(A Saudi Joint Stock Company)

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements (Continued):
We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

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

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

RSM Allied Accountants Professional Services

Mohammed Bin Farhan Bin Nader
License No. 435
Riyadh, Kingdom of Saudi Arabia
18 Ramadan 1445 H (corresponding to March 28, 2024)

ARAB SEA INFORMATION SYSTEMS COMPANY
(A SAUDI JOINT STOCK COMPANY)

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

	Notes	2023	2022
ASSETS			
Non-current assets			
Property and equipment	5	3,877,863	3,408,456
Intangible assets	6	125,372,395	126,609,211
Total non-current assets		129,250,258	130,017,667
Current assets			
Inventory	7	1,272,926	1,606,968
Trade receivables	8	12,821,680	8,439,402
Prepaid expenses and other current assets	9	2,098,983	906,741
Cash and cash equivalents	10	3,670,756	9,366,801
Total current assets		19,864,345	20,319,912
Total assets		149,114,603	150,337,579
EQUITY AND LIABILITIES			
Equity			
Share capital	12	100,000,000	100,000,000
Statutory reserve	13	-	16,501,562
Retained earnings		27,044,393	19,781,232
Total equity		127,044,393	136,282,794
LIABILITIES			
Non-current liabilities			
Employees' defined benefits obligations	14	5,619,039	5,197,408
Total non-current liabilities		5,619,039	5,197,408
Current liabilities			
Contract liabilities	15	1,795,267	1,662,022
Trade payables		2,122,771	1,727,986
Due to related parties	11	3,982,969	360,000
Accrued expenses and other current liabilities	16	7,578,563	4,150,041
Zakat provision	17	971,601	957,328
Total current liabilities		16,451,171	8,857,377
Total liabilities		22,070,210	14,054,785
Total equity and liabilities		149,114,603	150,337,579

Finance Manager	Chief Executive Officer	Board of Directors Member

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

ARAB SEA INFORMATION SYSTEMS COMPANY
(A SAUDI JOINT STOCK COMPANY)

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

	Notes	2023	2022
Revenues	18	**41,170,429**	40,847,398
Cost of revenues	19	**(20,486,686)**	(21,378,361)
Gross profit		**20,683,743**	19,469,037
Selling and marketing expenses	20	**(11,820,710)**	(12,104,814)
General and administrative expenses	21	**(13,762,005)**	(13,105,050)
Expected credit losses on trade receivables	8	**(3,900,000)**	(3,704,960)
Operating loss		**(8,798,972)**	(9,445,787)
Other revenues		**34,904**	179,458
Finance cost	22	**(206,387)**	(118,009)
Loss before Zakat		**(8,970,455)**	(9,384,338)
Zakat	17	**(799,889)**	(1,054,685)
Loss for the year		**(9,770,344)**	(10,439,023)
Other comprehensive income:			
Items that will not reclassified to profit or loss:			
Actuarial remeasurement of employees' defined benefits obligations	14	**531,943**	(494,022)
Total other comprehensive income / (other comprehensive loss) for the year		**531,943**	(494,022)
Total comprehensive loss for the year		**(9,238,401)**	(10,933,045)
Basic and diluted loss EPS from loss for the year	23	**(0.09)**	**(0.10)**

Finance Manager | Chief Executive Officer | Board of Directors Member

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

ARAB SEA INFORMATION SYSTEMS COMPANY
(A SAUDI JOINT STOCK COMPANY)

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

	Share capital	Statutory reserve	Retained earnings	Total
For the year ended December 31, 2022				
Balance as of January 1, 2022	100,000,000	16,501,562	30,714,277	147,215,839
Loss for the year	-	-	(10,439,023)	(10,439,023)
Other comprehensive loss for the year	-	-	(494,022)	(494,022)
Total comprehensive loss for the year	-	-	(10,933,045)	(10,933,045)
Balance as of December 31, 2022	100,000,000	16,501,562	19,781,232	136,282,794
For the year ended December 31, 2023				
Balance as of January 1, 2023	**100,000,000**	**16,501,562**	**19,781,232**	**136,282,794**
Loss for the year	-	-	**(9,770,344)**	**(9,770,344)**
Other comprehensive income for the year	-	-	**531,943**	**531,943**
Total comprehensive loss for the year	-	-	**(9,238,401)**	**(9,238,401)**
Transfer statutory reserve balance to retained earnings (Note 13)	-	**(16,501,562)**	**16,501,562**	-
Balance as of December 31, 2023	**100,000,000**	-	**27,044,393**	**127,044,393**

Finance Manager | Chief Executive Officer | Board of Directors Member

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

ARAB SEA INFORMATION SYSTEMS COMPANY
(A SAUDI JOINT STOCK COMPANY)

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

	2023	2022
OPERATING ACTIVITIES:		
Loss before zakat	**(8,970,455)**	(9,384,338)
Adjustments for non-cash items:		
Depreciation of property and equipment	**188,211**	111,740
Amortization of intangible assets	**12,565,596**	12,477,355
Expected credit losses on trade receivables	**3,900,000**	3,704,960
Gain from disposal of property and equipment	**(29,700)**	(19,000)
Current service cost for employees' defined benefits obligations	**888,209**	726,003
Finance cost related to employees' defined benefits obligations	**206,387**	118,009
Slow moving inventory provision	**300,000**	-
Changes in working capital:		
Inventory	**34,042**	351,947
Trade receivables	**(8,282,278)**	(3,608,608)
Prepaid expenses and other current assets	**(1,192,242)**	73,819
Contracts liabilities	**133,245**	(1,041,478)
Trade payables	**394,785**	(1,006,289)
Accrued expenses and other current liabilities	**3,428,522**	(3,114,889)
Due to related parties	**3,622,969**	360,000
Cash flows from / (used in) operations	**7,187,291**	(250,769)
Employees' defined benefits obligations paid	**(141,022)**	(732,160)
Zakat paid	**(785,616)**	(1,121,334)
Net cash flows from / (used in) operating activities	**6,260,653**	(2,104,263)
INVESTING ACTIVITIES:		
Purchase of property and equipment	**(657,618)**	(662,742)
Proceeds from disposal of property and equipment	**29,700**	19,000
Additions of projects under construction	-	(2,175,839)
Additions of intangible assets	**(11,328,780)**	(5,225,125)
Net cash flows used in investing activities	**(11,956,698)**	(8,044,706)
Net change in cash and cash equivalents during the year	**(5,696,045)**	(10,148,969)
Cash and cash equivalents at the beginning of the year	**9,366,801**	19,515,770
Cash and cash equivalents at the end of the year	**3,670,756**	9,366,801

Finance Manager | Chief Executive Officer | Board of Directors Member

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

1- CORPORATE INFORMATION OF THE GROUP

Arab Sea Information Systems Company ("the Company") is a Saudi Joint Stock Company, registered in accordance with Companies Law and regulations in The Kingdom of Saudi Arabia under Ministerial Resolution number (128/M) dated 14 Rabi' Al-Thani 1429 H (corresponding to April 20, 2008) by announcing the transformation of Arab Sea Information Systems Company from a Limited Liability Company to a Saudi Closed Joint Stock Company, Moreover, the Company was registered under commercial registration number 1010169116 issued in Riyadh City on 27 Jumada Al-Akhira 1422 H (corresponding to September 15, 2001).

The registered address of the Company is located in Riyadh City – The Kingdom of Saudi Arabia, PO Box: 40268, Postal Code: 11499.

The Company's activities are as follows:

- Design and programming special software.
- Providing management and monitoring services for communications and information networks.
- Cyber security.
- Repair and maintain engines, systems, and fixed and portable information storage devices.
- Retail sale of computers and its accessories, including (printers and their inks).

The accompanying consolidated financial statements includes the net results, assets, liabilities and activities of the Company and its branches. The details of these branches are as follows:

Branch name	City / source	Commercial registration number
Arab Sea Training Center	Riyadh	1010664109
Arab Sea Information Systems Company	Buraydah	1131291891
Arab Sea Information Systems Company	Al-Khobar	2051221240
Arab Sea Information Systems Company	Tabuk	3550123009
Arab Sea Information Systems Company	Jeddah	4030287742
Arab Sea Information Systems Company	Khamis Mushait	5855339644

The accompanying consolidated financial statements as of December 31, 2023 include the accounts of the Company and its subsidiaries (collectively referred as the "Group"). The details of the subsidiaries companies are as follows:

Name of subsidiary company	Country of incorporation	Ownership percentage	
		2023	2022
Arab Sea Financial Company (*)	The Kingdom of Saudi Arabia	**100%**	100%
Era Data Company for Information Technology (**)	The Kingdom of Saudi Arabia	**100%**	100%

(*) Arab Sea Financial Company – a sole proprietorship closed joint stock company was established in accordance with the Companies Law in The Kingdom of Saudi Arabia under commercial registration number 1010725510 issued in Riyadh city dated on 20 Dhu al-Qa'dah 1442 H (corresponding to June 30, 2021) with a capital of SR 5 million. On 24 Dhu al-Hijjah 1444 H (corresponding to July 12, 2023), the Company increased its capital from SR 5 million to SR 15 million. The main activity of the Company is in technology in financial services.

(**) Era Data Company for Information Technology – a sole proprietorship limited liability company was established in accordance with the Companies Law in The Kingdom of Saudi Arabia under commercial registration number 1010778606 issued in Riyadh city dated on 6 Rajab 1443 H (corresponding to February 7, 2022) with a capital of SR 5 million. The main activity of the Company is in registration for cloud computing services. During the year ended December 31, 2023 and 2022 the subsidiary did not practice any commercial activity mentioned in its commercial register.

2- BASIS OF PREPARATION

2-1 Statement of compliance

The accompanying consolidated financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRSs") that are endorsed in the Kingdom of Saudi Arabia ("KSA") and other standards and pronouncements that are endorsed by the Saudi Organization for Chartered and Professional Accountants ("SOCPA") (collectively referred to as "IFRSs endorsed in KSA").

2-2 Basis of measurement

These consolidated financial statements have been prepared on a historical cost basis unless the International Financial Reporting Standards ("IFRSs") require the use of another basis of measurement as stated in the material accounting policies information applied in Note number (4). In addition, these consolidated financial statements are prepared using accrual basis of accounting and going concern principle concept.

2-3 Functional and presentation currency

All values in consolidated financial statements are presented in Saudi Riyal (SR), which is the main functional and presentation currency of the group and rounded to the nearest SR, unless otherwise indicated.

2-4 Basis of consolidation

The consolidated financial statements incorporate the financial statements of the Group and entities controlled by the Company and its subsidiaries as at the reporting date. Control is achieved when the Group:

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

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

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

- The size of the Group's holding of voting rights relative to the size and dispersion of holdings of the other vote holders;

- Potential voting rights held by the Group, other vote holders or other parties;

- Rights arising from other contractual arrangements; and

- Any additional facts and circumstances that indicate that the Group has, or does not have, the current ability to direct the relevant activities at the time that decisions need to be made, including voting patterns at previous stakeholders' meetings.

The process of consolidating the financial statements of a subsidiary begins when the Group gains control over the subsidiary and stops when the Group loses control of the subsidiary. In particular, the revenues and expenses of a subsidiary acquired, disposed of or sold during the year are included in the consolidated statement of comprehensive income from the date the Group obtains control until the date that the Group ceases to control the subsidiary.

A change in the ownership interest of a subsidiary, without a loss of control, is recorded in the consolidated statement of changes in equity. Consolidated statement of comprehensive income and each component of other comprehensive income are attributed to the owners of the Company and to the non-controlling interests if any. Total comprehensive income of subsidiaries is attributed to the owners of the Company and to the non-controlling interests even if this results in the non-controlling interests having a deficit balance.

If the Group loses control over its subsidiary, it derecognizes the related assets (including goodwill), liabilities, non-controlling interests and other components of equity, while any resultant gain or loss is recognized consolidated statement of comprehensive income. When necessary, adjustments are made to the financial statements of subsidiaries to bring their material accounting policies information into line with the Group material accounting policies information.

All intergroup assets and liabilities, equity, revenues, expenses and cash flows relating to transactions between members of the Group are eliminated in full on consolidation.

2- BASIS OF PREPARATION (CONTINUED)

2-5 Material Accounting Judgments and Key Sources of Estimation Uncertainty

In the application of the Group's material accounting policies information, which are described in Note number (4), the Group are required to make judgements (other than those involving estimations) that have a significant impact on the amounts recognised and to make estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and associated assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

2-5-1 Key sources of estimation uncertainty

The key assumptions concerning the future, and other key sources of estimation uncertainty at the reporting period that may have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year:

i) Impairment reviews of non-financial assets

Assets with indefinite useful lives are tested for impairment at least annually, while assets with finite useful lives, are tested for impairment if events or changes in circumstances indicate that the carrying amount of an asset may not be recoverable.

Impairment testing is an area involving management judgement, requiring amongst other matters an assessment as to whether the carrying value of assets can be supported by the net present value of future cash flows derived from such assets using cash flow projections which have been discounted at an appropriate rate. In calculating the net present value of the future cash flows, certain assumptions are required to be made in respect of highly uncertain matters including management's expectations of:

- Growth in earnings before commission, tax, depreciation and amortisation (EBITDA), calculated as adjusted operating profit before depreciation and amortisation;
- Timing and quantum of future capital expenditure;
- Long-term growth rates; and
- Selection of discount rates to reflect the risks involved.

Changing the assumptions selected by management, in particular the discount rate and growth rate assumptions used in the cash flow projections, could significantly affect the Group's impairment evaluation and hence results.

ii) Estimation of useful lives and residual values

The useful lives used to amortise or depreciate intangible assets or property and equipment respectively relates to the expected future performance of the assets acquired and management's judgement based on technical evaluation of the period over which economic benefits will be derived from the asset. The charge in respect of periodic depreciation is derived after determining an estimate of an asset's expected useful life and the expected residual value at the end of its life. An asset's expected life and expected residual value has a direct effect on the depreciation charged in consolidated statement of comprehensive income.

The useful lives and residual values of the Group's assets are determined by management based on technical valuation at the time the asset is acquired and reviewed annually for appropriateness.

The lives are based on historical experience with similar assets as well as anticipation of future events which may impact their lives such as changes in technology.

iii) Uncertainty of zakat status

The Group's current zakat due relates to management's assessment of the amount of zakat due on the open zakat assessments as the Group still has to agree with the Zakat, Tax and Customs Authority ("ZATCA") on the final obligation amounts. Due to the uncertainty associated with these zakat items, the final result is likely to differ significantly when the final assessments are issued by the ZATCA in future periods.

2- BASIS OF PREPARATION (CONTINUED)

2-5 Material Accounting Judgments and Key Sources of Estimation Uncertainty (Continued):

2-5-1 Key sources of estimation uncertainty (Continued):

iv) Calculation of expected credit losses
When measuring ECL the Group uses reasonable and supportable forward looking information, which is based on assumptions for the future movement of different economic drivers and how these drivers will affect each other.

Loss given default is an estimate of the loss arising on default. It is based on the difference between the contractual cash flows due and those that the lender would expect to receive, taking into account cash flows from collateral and integral credit enhancements.

Probability of default constitutes a key input in measuring ECL. Probability of default is an estimate of the likelihood of default over a given time horizon, the calculation of which includes historical data, assumptions and expectations of future conditions.

v) Discount rate used to determine the carrying amount of the employees' defined benefits obligations
The determination of the employees' defined benefits obligations depends on certain assumptions, which include selection of the discount rate. The discount rate is set by reference to market yields at the end of the reporting period on high quality corporate bonds. Significant assumptions are required to be made when setting the criteria for bonds to be included in the population from which the yield curve is derived. These assumptions are considered to be a key source of estimation uncertainty as relatively small changes in the assumptions used may have a significant effect on the Group's consolidated financial statements within the next year. Further information on the carrying amounts of the employees' defined benefits obligations and the sensitivity of those amounts to changes in discount rate are provided in Note number (14).

3- NEW STANDARDS, AMENDMENTS TO STANDARDS AND INTERPRETATIONS STANDARDS ISSUED BUT NOT YET EFFECTIVE

3-1 New standards, amendments to standards

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

3-1-1 Amendments to IAS 1 and IFRS Practice Statement 2 "Disclosure of Accounting Policies"

The amendments require that an entity discloses its material accounting policies information, instead of its significant accounting policies.

3-1-2 Amendments to IAS 8 "Definition of Accounting Estimates"

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

3-1-3 Amendments to IAS 12 "Deferred Tax related to Assets and Liabilities arising from a Single Transaction"

The amendments clarify that the initial recognition exemption does not apply to transactions in which equal amounts of deductible and taxable temporary differences arise on initial recognition.

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

3-2 Standards issued but not yet effective

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

3-2-1 Amendments to IAS 1 "Classification of Liabilities as Current or Non-Current" and "Non-current Liabilities with Covenants"

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

3-2-2 Amendments to IFRS 16 "Lease Liability in a Sale and Leaseback"

The amendment clarifies how a seller-lessee subsequently measures sale and leaseback transactions that satisfy the requirements in IFRS 15 to be accounted for as a sale.

3-2-3 Amendments to IAS 7 and IFRS 7 "Supplier Finance Arrangements"

The amendments add disclosure requirements, and 'signposts' within existing disclosure requirements, that ask entities to provide qualitative and quantitative information about supplier finance arrangements.

3-2-4 Amendments to IAS 21 "Lack of Exchangeability"

The amendments contain guidance to specify when a currency is exchangeable and how to determine the exchange rate when it is not.

3-3 Following are the new issued IFRS sustainability disclosures effective for annual periods beginning on or after January 1, 2024:

3-3-1 IFRS S1 "General Requirements for Disclosure of Sustainability-related Financial Information"

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

3-3-2 IFRS S2 "Climate-related Disclosures"

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

4- MATERIAL ACCOUNTING POLICIES INFORAMTION

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

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

- An asset is classified as current when it is:
- expected to be 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 date of the consolidated statement of financial position; or
- cash or cash equivalent unless restricted from being exchanged or used to settle a liability for at least twelve months after the date of the consolidated statement of financial position.

All other assets are classified as non-current.

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

The Group classifies all other liabilities as a non-current.

Fair Value Measurement
The Group measures financial instruments, at fair value at each consolidated statement of financial position date. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between two parties in the length of market participants at the measurement date.

- The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either:
- In the principal market for the asset or liability; or
- In the absence of a principal market, in the most advantageous market for the asset or liability.

The principal or the most advantageous market must be accessible by the Group.

The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest.

A fair value measurement of a non-financial asset takes into account a market participant's ability to generate economic benefits from the asset's highest and best use or by selling it to another market participant that would utilise the asset in its highest and best use.
The Group uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximising the use of relevant observable inputs and minimising the use of unobservable inputs.
All assets and liabilities for which fair value is measured or disclosed in the consolidated financial statements are categorised within the fair value hierarchy. This is described, as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

- Level 1: Quoted (unadjusted) market prices in active markets for identical assets or liabilities
- Level 2: Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable.
- Level 3: Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable.

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

4- MATERIAL ACCOUNTING POLICIES INFORMATION (CONTINUED)

Foreign currencies

Transactions and balances
Transactions in foreign currencies are initially recorded at the functional currency rate ruling at the date that the transaction qualifies for recognition. Monetary assets and liabilities denominated in foreign currencies are retranslated into the functional currency at the rate ruling at the date of the consolidated financial statements. All differences arising from settlement or transactions on monetary items are recorded on consolidated statement of comprehensive income.

Non-monetary items that are measured in terms of historical cost in a foreign currency are translated primarily at the exchange rate ruling at the dates of the transactions. Non-monetary items in a foreign currency that are measured at fair value are translated at the currency rate ruling at the date when their fair value was determined. Gains or losses arising from the translation of non-monetary items measured at fair value are treated in line with the recognition of gains and losses arising from a change in the fair value of that item. (That is, translation differences for items whose fair value gains and losses are recognized in the consolidated statement of other comprehensive income is recognized in other comprehensive income, and items whose fair value gains and losses are recognized in profit and losses are recognized in consolidated statement of comprehensive income).

Property and equipment
Property and equipment are stated at cost, net of accumulated depreciation and / or accumulated impairment losses, if any. Projects under construction and lands (if any) are not depreciated. Property and equipment 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 and equipment and borrowing cost for long-term projects under construction in the recognition criteria are met. When significant parts of property and equipment are required to be replaced at intervals, the Group recognizes such parts as individual assets with specific useful lives and depreciates them accordingly. Repair and maintenance costs are recognized in consolidated statement of comprehensive income as incurred.

Depreciation is calculated on a straight-line method over the estimated useful lives of the property and equipment in years as follows:

Asset category	Depreciation In Years
Vehicles	4
Office equipment and computers	10
Furniture and fixtures	10
Tools and equipment's	5
Leasehold improvements	10 or lease period whichever is lower

An item of property and equipment is derecognized upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss arising on derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is recognized in consolidated statement of comprehensive income when the asset is derecognized.

The residual value, useful lives and methods of depreciation of property and equipment are reviewed at the end of each financial year and adjustments are made on a prospective basis, if required.

Projects under construction
Assets that are still in the construction or development stage are capitalized in the projects under construction account. An asset under construction or development is transferred to the appropriate category of property and equipment when the asset is in the location and / or condition necessary to make it capable of operating as intended by management. The cost of projects under construction item consists of the purchase price, construction / development costs and any costs directly attributable to the construction of the asset or its acquisition by management. Finance costs related to qualifying assets are capitalized as part of the cost of the qualifying assets until the start of commercial production. Projects under construction are measured at cost less any impairment recognized. Projects under construction are not depreciated. Depreciation begins when the assets are capable of economically operating as intended by management after they have been transferred to the appropriate class of assets.

4- MATERIAL ACCOUNTING POLICIES INFORMATION (CONTINUED)

Intangible assets
Intangible assets acquired separately are measured at initial recognition at cost. After initial recognition, intangible assets are stated at cost less any accumulated amortization and accumulated impairment losses, if any.

Expenditure on research activities is recognised as an expense in the period in which it is incurred. When certain conditions are demonstrated, development expenditure that gives rise to an internally generated intangible asset is capitalized. Where no internally generated intangible asset can be recognised, development expenditure is recognised in profit or loss in the period it is incurred.

Intangible assets are amortized over their useful economic life when the intangible assets have a limited useful life and impairment is assessed when there is an indication that their value may be impaired.

The amortization period and the amortization method for intangible assets are reviewed if there is an indication of a change since the preparation of the last annual consolidated financial statements, and are subsequently modified, if necessary. Intangible assets are amortized in the consolidated statement of comprehensive income in the expense category in line with the function of those intangible assets.

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

Asset category	Amortization In Years
Programs and applications	5 - 20

When the useful life of intangible assets is indefinite, intangible assets are not amortized, but the decline in value is tested annually or when there is an indication that their value has decreased.

The gain or loss resulting from derecognition of intangible assets is measured on the basis of the difference between the net disposal proceeds and the book value of the intangible assets, and is recognized in the consolidated statement of comprehensive income when those intangible assets are derecognized.

Impairment of non- financial assets
The Group assesses at the date of preparing the consolidated financial statements whether there is an indication that the value of an asset may be impaired. If any such indication exists, or when annual impairment testing for an asset is required, the Group estimates the asset's recoverable amount. The recoverable amount of an asset is the fair value of the asset or cash-generating unit (CGU) less cost to sell or the value in use of the asset, which is higher.

It is specified for a single asset unless the asset generates cash flows that are not significant independent of the cash flows generated by other assets or companies of assets and the carrying amount of an asset or cash-generating unit (CGU) exceeds its recoverable amount, the value of the asset must be decreased to its recoverable amount. In determining value in use, the future cash flows deducted to their present value using a pre-tax discount rate that reflects market assessments of the time value of money and the risks related to the asset.

In determining fair value less costs to sell, new market transactions are consider, when available, or an appropriate valuation model is used. These values are verified by comparing them with the valuation multiples and the prices of the listed shares of the subsidiaries offered for public trading or through any other fair value indicators.

In calculating impairment, the Group relies on detailed budgets and discretionary accounts that are prepared separately for each cash-generating unit (CGU) of the Group to which the individual assets are allocated. These detailed budgets and discretionary accounts usually cover five years. To cover longer periods, a long-term growth rate is calculated and applied to the project's future cash flows after the fifth year.

Impairment losses from continuing operations are recognized in the consolidated statement of comprehensive income within the expenses appropriate to the function of the assets that have impaired.

An assessment is made at each reporting date to determine whether there is any indication that previously recognized impairment losses for non-financial assets, other than goodwill, no longer exist or have decreased. The reversal of the impairment loss is recognized in the consolidated statement of comprehensive income.

4- MATERIAL ACCOUNTING POLICIES INFORMATION (CONTINUED)

Inventory
Inventories are measured at cost or net realizable value, whichever is lower.

Cost is determined using the weighted average method. The cost of inventories includes all purchase costs, financing costs and other costs incurred in bringing the inventories to their present location and condition.

Net realizable value is the estimated selling price in the ordinary course of business less the estimated costs of business and the estimated costs necessary to make the sale.

The write-off process is carried out based on current market conditions, past experience and the sale of goods of a similar nature. It can change significantly as a result of changes in market conditions. Inventory is reviewed periodically for excess and accumulated inventory and a decrease in the net realizable value, and a provision is recorded against the inventory balances for any impairment.

Trade receivables
Trade receivables represent the Group's right to the unconditional consideration amount (i.e.- the maturity of the consideration depends on the passage of time). Refer to the accounting policy for financial assets.

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

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

Cash and cash equivalents
Cash and cash equivalents in the consolidated statement of financial position consist of balances at banks and in cash on hand.

Financial assets

Initial recognition and measurement
Financial assets are classified on initial recognition as being subsequently measured at amortized cost, at fair value through other comprehensive income, or at fair value through profit or loss.

All financial assets are recognized on initial recognition at fair value plus transaction costs, unless the financial assets are recorded at fair value through profit or loss.

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

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

Financial assets at amortized cost in the Group consist of cash and cash equivalents and trade receivables.

Derecognition of financial asset
Financial asset is derecognised only when:

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

4- MATERIAL ACCOUNTING POLICIES INFORMATION (CONTINUED)

Financial assets (Continued):

***Derecognition of financial asset** (Continued):*

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

Impairment in the value of financial assets
The Group recognizes an allowance for expected credit losses for all debt instruments not carried at fair value through the consolidated statement of comprehensive income.

The provision for expected credit losses is recognized in two stages. For a credit exposure that has not experienced a significant increase in credit risk since initial recognition, ECLs are recognized for the credit risk arising from a potential default within 12 months (12-month expected credit losses). For a credit exposure that has experienced a significant increase in credit risk since the initial recognition, an allowance for expected credit losses must be recognized over the remaining life of the exposure, regardless of the timing of default (lifetime expected credit losses).

For trade debtors, the Group applies a simplified approach to the calculation of expected credit losses. Therefore, the Group has used a provision matrix that is based on its historical experience of credit losses, which has been adjusted for future factors specific to the debtors and the economic environment.

Employees' defined benefits obligations
The employees benefit obligations were measured using the projected unit credit method.

Remeasurement, which consists of actuarial gains and losses, is recognized immediately in the consolidated statement of financial position and in retained earnings through other comprehensive income in the period in which it occurs. Remeasurement is not reclassified to the consolidated statement of comprehensive income in subsequent periods.

End of service payments are based primarily on employees' final salaries, allowances and cumulative years of service, as described in The Kingdom of Saudi Arabia Labor Law.

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

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

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

4- MATERIAL ACCOUNTING POLICIES INFORMATION (CONTINUED)

Leases (Continued):

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

Contract liabilities
Contract liabilities mainly relates to consideration paid in advance and received from customers, in respect of which support and maintenance services revenues are recognized when its performance obligations are met.

Financial liabilities

Initial recognition and measurement
Financial liabilities are classified on initial recognition, as financial liabilities at fair value through profit or loss, or loans and payables, or as financial derivatives that are used as hedging instruments for covering risks.

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

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

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

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

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

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

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

4- MATERIAL ACCOUNTING POLICIES INFORMATION (CONTINUED)

Value added tax
Revenues, expenses and assets are recognized net of the amount of value added tax, except:

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

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

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

Revenue recognition
Primarily, revenue is generated from providing services for the sale of computer licenses and software to customers. The group records its revenues according to the following sequence:

- Determine the contract with the customer.
- Determining performance obligations in the contract.
- Determine the contract price.
- Allocating the contract price to the performance obligations.
- Recording revenue when fulfilling performance obligations.

Revenue is recognized when the performance obligations are fulfilled and that is when provide the service to the customer. Performance obligation is the promise to provide the service to the customer. Upon fulfillment of performance obligations, revenue is recorded at the fair value of the service provided and excludes from the price of the service any amounts collected on behalf of any third parties and any discounts on the price.

If the service invoice to the customer includes certain different services, the invoice price is distributed proportionally, and the revenue from service is realized upon fulfilling the performance obligations and providing the service to the customer. The Group provides its services to clients directly and is not considered an agent for any other parties.

Revenue from sale of licenses and computer software
Revenues from computer software licenses are recognized when control of computer software licenses is transferred to the customer. Accordingly, revenue from selling computer software licenses is recognized at point of time.

Revenue from sale of maintenance and support services
The group provides various software installation services and other support and maintenance services for specialized business operations. Revenues from supporting computer software licenses are recognized on a point over time.

Other revenues
Other income is recognized when earned.

Cost of revenues and expenses
Costs that are directly attributable to the goods or services provided are classified as cost of revenues. Selling and marketing expenses principally comprise of costs incurred in the selling and marketing of the Group's products and services. Other expenses are classified as general and administrative expenses.

General and administrative expenses include direct and indirect expenses that are not directly related to cost of revenues in accordance with generally accepted accounting standards. Expenses are allocated, if necessary, between general and administrative expenses and cost of revenues on a consistent basis.

4- MATERIAL ACCOUNTING POLICIES INFORMATION (CONTINUED)

Finance cost

Finance costs directly associated with the acquisition, construction or production of an asset that necessarily takes a period of time to prepare for use or sale are recognized as part of the cost of that asset. All other costs are recorded as expenses in the period in which they accrued. finance costs are interest costs and other costs incurred by the Group in connection with the process of borrowing money or otherwise.

Contingent liabilities

Contingent liabilities are disclosed when the Group has a contingent liability as a result of past events, the existence of which will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events that are not entirely within the control of the Group; or the Group has a present legal or constructive obligation that arises from past events, but it is not probable that an outflow of resources embodying economic benefits will be required to settle the obligation, or the amount of the obligation cannot be measured with sufficient reliability.

Subsequent events

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

5- PROPERTY AND EQUIPMENT

(Saudi Riyal)

	Vehicles	Office equipment and Computers	Furniture and fixtures	Tools and equipment's	Leasehold improvements	Projects under construction (*)	Total
Cost:							
As at January 1, 2022	2,009,469	2,053,760	1,450,805	84,610	457,188	-	6,055,832
Additions	-	355,548	307,194	-	-	2,175,839	2,838,581
Disposals	(88,000)	-	-	-	-	-	(88,000)
As at December 31, 2022	1,921,469	2,409,308	1,757,999	84,610	457,188	2,175,839	8,806,413
Additions	**-**	**372,719**	**284,899**	**-**	**-**	**-**	**657,618**
Disposals	**(132,000)**	**-**	**-**	**-**	**-**	**-**	**(132,000)**
As at December 31, 2023	**1,789,469**	**2,782,027**	**2,042,898**	**84,610**	**457,188**	**2,175,839**	**9,332,031**
Accumulated depreciation:							
As at January 1, 2022	2,009,469	1,538,575	1,284,376	84,609	457,188	-	5,374,217
Charged during the year (Note 21)	-	82,640	29,100	-	-	-	111,740
Disposals	(88,000)	-	-	-	-	-	(88,000)
As at December 31, 2022	1,921,469	1,621,215	1,313,476	84,609	457,188	-	5,397,957
Charged during the year (Note 21)	**-**	**111,604**	**76,607**	**-**	**-**	**-**	**188,211**
Disposals	**(132,000)**	**-**	**-**	**-**	**-**	**-**	**(132,000)**
As at December 31, 2023	**1,789,469**	**1,732,819**	**1,390,083**	**84,609**	**457,188**	**-**	**5,454,168**
Net book value:							
As at December 31, 2023	**-**	**1,049,208**	**652,815**	**1**	**-**	**2,175,839**	**3,877,863**
As at December 31, 2022	-	788,093	444,523	1	-	2,175,839	3,408,456

(*) Projects under construction amounting to SR 2,175,839 represent the costs incurred in preparing the infrastructure and installing special units for establishing the cloud services unit to a subsidiary “Era Data Company for Information Technology” as the estimated expected costs amounted to SR 3,675,839 and are expected to be completed by end of 2024 (Note 24).

6- INTANGIBLE ASSETS

Intangible assets represent the cost of developing and creating SMACC program in addition to a number of accounting applications and programs related to the Group, the following is a summary of the movement of intangible assets as of December 31:

	(Saudi Riyal)	
	Programs and applications	
	2023	2022
Cost:		
Balance as at the beginning of the year	**250,873,466**	245,648,341
Additions during the year (*)	**11,328,780**	5,225,125
Balance as at the end of the year	**262,202,246**	250,873,466
(Deduct): accumulated amortization:		
Balance as at the beginning of the year	**124,264,255**	111,786,900
Amortization charged during the year (Note 19) (**)	**12,565,596**	12,477,355
Balance as at the end of the year	**136,829,851**	124,264,255
Net book value:		
Balance as at the end of the year	**125,372,395**	126,609,211

The group conducted a study to assess the impairment in the value of intangible assets as at December 31, 2023 and has assigned Abdul Majeed Abdul Qader Muhammad Munqal office for business valuation (approved valuator with license number 3912000002 in the Saudi Authority of Accredited Valuers). The valuation was based on assumptions related to future sales volume and prices, annual growth rates, final growth rates, discount rates and other related factors. The results of these assumptions depended largely on the success of future operations according to management's estimates and the realization of its future plans based on the result of the impairment assessment. This assessment resulted in an estimation of intangible assets as of the date of the consolidated financial statements in the range of SR 125 million as at the valuation date based on the present value method of future cash flows. According to that, there was no impairment in the value of intangible assets as of December 31, 2023.

(*) These are consist of intangible assets additions which was from a subsidiary "Arab Sea Financial Company" amounting to SR 5,337,400 which related to programs for the subsidiary (December 31, 2022: SR 74,335).

(**) The amortization expense charged for the year ended December 31, 2023 also includes an amount of SR 310,640 (For the year ended December 31, 2022: SR 264,428).

The group conducted a study to assess the impairment in the value of intangible assets as on December 31, 2022 and has assigned Yazid Abdel-Wahhab Abdullah Al-Abdul-Wahhab office for business valuation (approved valuator with license number 4012000042 in the Saudi Authority of Accredited Valuers). The valuation was based on assumptions related to future sales volume and prices, annual growth rates, final growth rates, discount rates and other related factors. The results of these assumptions depended largely on the success of future operations according to management's estimates and the realization of its future plans based on the result of the impairment assessment. This assessment resulted in an estimation of intangible assets as of the date of the consolidated financial statements in the range of SR 122,7 million to SR 131,6 million (mid-point SR 127,1 million) as at the valuation date based on the present value method of future cash flows. According to that, there was no impairment in the value of intangible assets as of December 31, 2022.

6- INTANGIBLE ASSETS (CONTINUED)

Sensitivity to changes in assumptions:

In case of the revision of the value-in-use of the intangible assets, any reversal of the underlying assumptions would result in an impairment loss. The final growth rates and discount rates used are the underlying assumptions in cases where potential changes could result in an impairment in value.

The following are the underlying assumptions used to calculate the present value:

	%	
	2023	2022
Discount rate	**14%**	16% to 17%
Estimated gross margin	**83%**	80%
Zakat rate	**2.5%**	2.5%
Average annual growth rate of sales	**9%**	5%
Terminal growth rate	**2.5%**	2.5%

7- INVENTORY

	(Saudi Riyal)	
	2023	2022
Computer accessories and hardware	**1,572,926**	1,606,968
(Deduct): Slow moving inventory provision	**(300,000)**	-
Net	**1,272,926**	1,606,968

The movement in slow moving inventory provision for the year was as follows:

	(Saudi Riyal)	
	2023	2022
Charged during the year (Note 19)	**300,000**	-
Balance as at the end of the year	**300,000**	-

8- TRADE RECEIVABLES

	(Saudi Riyal)	
	2023	2022
Trade receivables	**35,017,752**	26,735,474
(Deduct): Expected credit losses provision	**(22,196,072)**	(18,296,072)
Net	**12,821,680**	8,439,402

The movement in expected credit losses provision for the year was as follows:

	(Saudi Riyal)	
	2023	2022
Balance as at the beginning of the year	**18,296,072**	14,591,112
Charged during the year	**3,900,000**	3,704,960
Balance as at the end of the year	**22,196,072**	18,296,072

Refer to Note number (25) (“financial instruments risk management” related to credit risk).

9- PREPAID EXPENSES AND OTHER CURRENT ASSETS

	(Saudi Riyal)	
	2023	2022
Letter of guarantees margin	**1,079,664**	34,349
Prepaid expenses	**411,167**	214,292
Staff receivables and custodies	**381,955**	311,379
Advances to suppliers	**105,391**	286,721
Other	**120,806**	60,000
Total	**2,098,983**	906,741

10- CASH AND CASH EQUIVALENTS

	(Saudi Riyal)	
	2023	2022
Balances at banks	**3,597,126**	9,261,559
Cash on hand	**73,630**	105,242
Total	**3,670,756**	9,366,801

The Group deposits its cash in reputable rated banks. The Group's management does not believe that the expected credit losses on its bank balances are material.

11- RELATED PARTIES BALANCES AND TRANSACTIONS

Related parties represent the main shareholders, members of the board of directors and the senior executive management of the Group and the companies in which they are major owners. Prices and terms related to these transactions are approved by the group's management.

The following are the balances with due to related parties stated in the consolidated statement of financial position:

	(Saudi Riyal)	
	2023	2022
Parties related to the board of directors	**3,982,969**	360,000
Total	**3,982,969**	360,000

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

		(Saudi Riyal)	
	Type of transaction	**2023**	2022
Parties related to the board of directors	Expenses paid on behalf	**(3,982,969)**	(360,000)

Transactions of executive management compensation personnel:
Compensation of the group's executive management personnel includes salaries, non-cash benefits and contributions to long-term employment benefits.

Compensation and benefits for senior executive management employees includes the following:

	(Saudi Riyal)	
Short-term employee benefits:	**2023**	2022
Salaries and benefits of executive Board of Directors members	**819,733**	600,696
Allowance for attending Board of Directors sessions	**120,000**	181,000
Executives rewards	**172,500**	100,000
Total	**1,112,233**	881,696

12- CAPITAL

On September 13, 2023 the extraordinary general assembly for shareholders has approved to split held the nominal value of the share was from SR 10 per share to SR 1 per share. As a result, the number of shares increased from 10 million shares to 100 million shares. The regulatory procedures to reflect the above were completed during the current year. Accordingly, the Company’s share capital as of December 31, 2023 is SR 100 million, consist of 100 million shares, into SR 1 per share (December 31, 2022: SR 100 million, consist of 10 million shares, into SR 10 per share).

13- STATUTORY RESERVE

The new Companies Law issued by Royal Decree (M/132) dated 1/12/1443 H (corresponding to June 30, 2022) (hereinafter referred to as "the Law") came into effect on 26/ 6/1444 H (corresponding to January 19, 2023).

Under the Company's Bylaws, before it was amended and as explained in the following paragraph, the Company was required to transfer 10% of the annual net profit to the statutory reserve, which the ordinary general assembly has the right to decide to stop the transfer if the statutory reserve reaches 30% from share capital. The statutory reserve was not distributable to the company's shareholders.

At the ordinary general assembly meeting, the Board of Directors voted to transfer the statutory reserve balance to retained earnings on December 5, 2023. On December 28, 2023, the results of the ordinary general assembly meeting were announced by approving the transfer of the statutory reserve balance of SR 16,501,562 to the retained earnings account, which the ordinary general assembly has approved some amendments to its Bylaws to comply with the new Companies Law implemented, including canceling the requirement to transfer to the statutory reserve.

For some provisions of the Companies Law, full compliance in implementation is expected no later than two years from 26/6/1444 H (corresponding to January 19, 2023).

14- EMPLOYEES' DEFINED BENEFITS OBLIGATIONS

The Group's policy states that employees defined benefits obligations is payable to all employees who complete the qualifying service period under the labor law in The Kingdom of Saudi Arabia.

The annual provision is based on the actuarial valuation. The latest actuarial valuation was carried out by an independent expert assigned by the group's management, using the Actuarial Projected Unit Credit Method as at December 31, 2023.

The movement in employees' defined benefits obligations during the year was as follows:

	(Saudi Riyal)	
	2023	2022
Balance as at the beginning of the year	**5,197,408**	4,591,534
Current service cost	**888,209**	726,003
Interest cost (Note 22)	**206,387**	118,009
Actuarial remeasurement of employees' defined benefits obligations	**(531,943)**	494,022
Paid during the year	**(141,022)**	(732,160)
Balance as at the end of the year	**5,619,039**	5,197,408

Main and significant actuarial assumptions used:

	2023	2022
Discount rate	**5.25%**	4%
Expected rate of salary increase	**2%**	1.5%

	2023	2022
Retirement age	**60 years**	60 years

Sensitivity analysis:

The sensitivity analysis of employees' defined benefits obligations in key actuarial assumptions is as follows:

	(Saudi Riyal)	
	2023	2022
Discount rate +1%	**5,140,348**	5,017,744
Discount rate -1%	**6,177,498**	5,289,751
Salary increase rate +1%	**6,186,158**	5,291,853
Salary increase rate -1%	**5,125,985**	5,013,305

14- EMPLOYEES' DEFINED BENEFITS OBLIGATIONS (CONTINUED)

Risks Associated with Employees' Defined Benefits Obligations:

Salary Increase Risks:
The most common type of retirement benefit is the one in which benefits are connected to final salaries. The risk arises when the actual increases are higher than expected and therefore affect the obligation.

Withdrawal risks:
The actual withdrawal risk that varies with the valuation assumptions could pose a risk to the benefits obligations. The movement in commitment can proceed in both directions.

15- CONTRACT LIABILITIES

	(Saudi Riyal)	
	2023	2022
Contract liabilities from technical support and maintenance	**1,795,267**	1,662,022
Total	**1,795,267**	1,662,022

16- ACCRUED EXPENSES AND OTHER CURRENT LIABILITIES

	(Saudi Riyal)	
	2023	2022
Staff and accruals payables	**1,908,634**	1,389,044
Accrued value added tax	**1,783,271**	447,625
Accrued vacations	**1,320,707**	686,601
Accrued bonuses for board of directors	**1,121,938**	**-**
Accrued commissions	**562,217**	541,812
Accrued GOSI	**190,779**	111,584
Other	**691,017**	973,375
Total	**7,578,563**	4,150,041

17- ZAKAT PROVISION

A) The principal elements of the zakat base are as follows:

	(Saudi Riyal)	
	2023	2022
Net adjusted loss	**(3,861,540)**	(1,250,713)
Equity	**136,282,794**	147,215,839
Provisions and other items	**23,699,302**	20,456,224
Deduct: non-current assets	**(130,573,229)**	(135,573,955)
Zakat base	**25,547,327**	30,847,395

B) The movement in the provision for zakat during the year was as follows:

	(Saudi Riyal)	
	2023	2022
Balance as at the beginning of the year	**957,328**	1,023,977
Zakat assessments differences	**73,577**	-
Charged for the year	**726,312**	1,054,685
Paid during the year	**(785,616)**	(1,121,334)
Balance as at the end of the year	**971,601**	957,328

17- ZAKAT PROVISION (CONTINUED)

Zakat and assessment status:
The Company completed its zakat status until the year 2022. The Company has submitted its financial statements and zakat returns for the year 2022 and paid zakat due and obtained the certificate from the Zakat, Tax and Customs Authority ("ZATCA").

During 2023, the Company received zakat assessments for the years 2021 and 2022, which resulted in zakat differences amounting to SR 73,577.

Zakat status for Arab Sea Financial Company: The subsidiary Company calculates its zakat provision separately, the subsidiary Company submitted its financial statements and its zakat returns for the year 2022 and obtained the certificate from the Zakat, Tax and Customs Authority ("ZATCA").

Era Data Company for Information Technology: The subsidiary Company calculates its zakat provision separately, the subsidiary Company submitted its financial statements and its zakat returns for the year 2022 and obtained the certificate from the Zakat, Tax and Customs Authority ("ZATCA").

18- REVENUES

	(Saudi Riyal)	
	2023	2022
Revenues from licenses in use of software and hardware	**36,974,882**	37,710,921
Revenues from maintenance services and technical support	**4,195,547**	3,136,477
Total	**41,170,429**	40,847,398

Below is a breakdown of the group's revenues from contracts by type of goods or services (revenues for licenses in use of software and hardware) or services (revenues for maintenance services and technical support), the timing of revenue recognition and the type of customers:

	(Saudi Riyal)	
	2023	2022
Revenue recognition timing:		
At point of time		
Revenues from licenses in use of software and hardware	**36,974,882**	37,710,921
Overtime		
Revenues from maintenance services and technical support	**4,195,547**	3,136,477
Total	**41,170,429**	40,847,398

Most of the group's revenues are from private sector.

19- COST OF REVENUES

	(Saudi Riyal)	
	2023	2022
Amortization of intangible assets (Note 6)	**12,565,596**	12,477,355
Salaries, wages and other benefits	**4,420,694**	4,200,680
Cloud server services cost	**1,207,652**	1,646,226
Cost of hardware and accessories	**800,408**	1,869,119
Slow moving inventory expense (Note 7)	**300,000**	-
Miscellaneous	**1,192,336**	1,184,981
Total	**20,486,686**	21,378,361

20- SELLING AND MARKETING EXPENSES

	(Saudi Riyal)	
	2023	2022
Salaries, wages and other benefits	**4,941,204**	4,543,121
Commissions	**3,092,172**	3,746,219
Advertisement's expenses	**2,675,400**	2,763,976
Exhibitions and conferences expenses	**359,098**	179,804
Miscellaneous	**752,836**	871,694
Total	**11,820,710**	12,104,814

21-GENERAL AND ADMINISTRATIVE EXPENSES

	(Saudi Riyal)	
	2023	2022
Salaries, wages and other benefits	**8,567,868**	6,772,496
Board of directors' rewards	**1,703,705**	1,704,136
Professional fees	**984,835**	2,668,773
Insurance of medical expenses and cars	**570,306**	327,882
Governmental fees	**295,831**	186,735
Depreciation of property and equipment (Note 5)	**188,211**	111,740
Iqama and visa	**163,137**	193,100
Car and general maintenance	**46,758**	311,218
Miscellaneous	**1,241,354**	828,970
Total	**13,762,005**	13,105,050

22- FINANCE COST

	(Saudi Riyal)	
	2023	2022
Finance costs related to employees' defined benefits obligations (Note 14)	**206,387**	118,009
Total	**206,387**	118,009

23- LOSS PER SHARE – BASIC AND DILUTED

Basic and diluted loss per share is calculated by dividing the loss attributable to the shareholders of the Company by the weighted average number of ordinary shares issued during the year and prior year (SR 100 million). Since the Group does not have any diluted potential shares, the diluted loss per share is the same as the basic loss per share.

The number of shares for the year ended December 31, 2023 has been adjusted to reflect the stock split as stated in Note (12). As this split represents an increase in the number of basic shares, without a corresponding change in resources, the weighted average number of basic shares available during all periods presented has been adjusted retrospectively.

24- CAPITAL COMMITMENTS AND CONTINGINT LIABILITIES

The Group has contingent liabilities of bank guarantees issued in the ordinary course of business amounting to SR 1,079,664 as at December 31, 2023 (December 31, 2022: SR 34,349).

The Group also has contractual capital commitments that have not been incurred until December 31, 2023 in the amount of SR 1.5 million (Note 5).

Lease payments not recognized as a liability:

The Group has elected not to recognize lease liabilities for short-term leases (leases expected to last 12 months or less) or leases for low-value assets. Payment under these lease contracts is made on a straight-line method. In addition, certain variable lease payments may not be recognized as lease liabilities and are expensed as incurred. The expenses related to payments that are not related to measuring the lease liability are SR 608,867 (as at December 31, 2022: SR 500,000).

25- FINANCIAL INSTRUMENTS RISK MANAGEMENT

The group is exposed to the following risks as a result of its use of financial instruments:

- Credit risk
- Liquidity risk
- Market risk
- Commission rate risk
- Foreign currency risk
- Price risk
- Capital risk management

This disclousre shows information about the Group's exposure to each of the above risks, the group’s objectives, policies and methods for measuring and managing risks.

GENERAL FRAMEWORK FOR RISK MANAGEMENT

The overall responsibility for the preparation and monitoring of risk management rests with the Group's management. The group's risk management policies are designed to identify and analyze the risks faced by the group and to set appropriate controls and limits on the extent of exposure to those risks and then monitor them to ensure that the limits set are not exceeded. Risk management policies and systems are reviewed periodically to reflect changes in market conditions and the Group's activities.

The group's management aims, through training, standards and procedures set by the management, to develop a constructive and organized control environment so that each employee understands his role and the duties assigned to him.

CREDIT RISK

Credit risk represents the inability of one party to meet its obligations, which leads to the other party incurring a financial loss. The group's policy states that all customers who wish to deal on a deferred basis are subject to a credit check. Financial instruments that are subject to concentration of credit risk mainly consist of customer receivables. The Group deposits cash with a number of financial institutions with good credit rating, and it has a policy based on setting limits on its deposited balances with each financial institution.

The group does not believe that there are significant risks from the inefficiency of these institutions and the Group does not consider itself exposed to concentrations of credit risks with respect to debtors due to the diversity of its customer base working in various activities and located in multiple regions.

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

	(Saudi Riyal)	
	2023	2022
Balances at banks	**3,597,126**	9,261,559
Trade receivables	**12,821,680**	8,439,402
Other current assets	**1,582,425**	405,728
Total	**18,001,231**	18,106,689

The Group has made a credit policy to analyze each new client separately to verify its credit ability before presenting the payment’s terms and conditions of the Group. The Group’s review includes the external classifications in case it is available and in some cases the bank references. Sales limitations are being set for each customer and are being reviewed quarterly.

The impairment for expected credit losses on trade receivables has been estimated as at December 31, 2023 with an amount of SR 22,196,072 (2022: SR 18,296,072) (Note 8) in accordance with the Group’s applied policy and IFRS 9 – “Financial Instruments”.

25- FINANCIAL INSTRUMENTS RISK MANAGEMENT (Continued)

CREDIT RISK (Continued):

As of the date of the consolidated statement of financial position, the aging of trade receivables was as follows:

As at December 31, 2023	(Saudi Riyal)		
Debt status	**Weighted Average of credit loss rate**	**Gross carrying amount**	**Expected credit losses**
Current	**3.4%**	**8,829,507**	**303,083**
Overdue for more than 30 days	**3.4%**	**898,555**	**30,844**
Overdue for more than 60 days	**9.8%**	**921,201**	**90,581**
Overdue for more than 120 days	**13.2%**	**753,336**	**99,103**
Overdue for more than 180 days	**43.9%**	**187,126**	**82,083**
Overdue for more than 240 days	**46.9%**	**901,641**	**422,553**
Overdue for more than 300 days	**56.1%**	**25,203**	**14,138**
Overdue for more than a year	**60-100%**	**22,501,183**	**21,153,687**
Total		**35,017,752**	**22,196,072**

As at December 31, 2022	(Saudi Riyal)		
Debt status	Weighted Average of credit loss rate	Gross carrying amount	Expected credit losses
Current	1.4%	2,609,358	35,806
Overdue for more than 30 days	1.5%	457,090	6,632
Overdue for more than 60 days	3%	961,877	29,006
Overdue for more than 120 days	6.8%	228,903	15,493
Overdue for more than 180 days	10.9%	276,275	30,221
Overdue for more than 240 days	21%	28,730	6,047
Overdue for more than 300 days	84.8%	22,484	19,075
Overdue for more than a year	50 - 100%	22,150,757	18,153,792
Total		26,735,474	18,296,072

LIQUIDITY RISK

Liquidity risk represents the difficulty that the Group faces in raising funds to meet commitments related to financial instruments. Liquidity risk can result from the inability to sell a financial asset quickly at an amount close to its fair value. The Group's conditions of sale stipulate that the amounts are to be paid in cash upon supply of the goods or on a deferred basis.

The contractual maturities of non-derivative financial liabilities are as follows:

	(Saudi Riyal)			
December 31, 2023	**Book value**	**Contracted cash flow**	**Less than one year**	**More than a year**
Contract liabilities	**1,795,267**	**1,795,267**	**1,795,267**	**-**
Trade payables	**2,122,771**	**2,122,771**	**2,122,771**	**-**
Due to related parties	**3,982,969**	**3,982,969**	**3,982,969**	**-**
Accrued expenses and other current liabilities	**7,578,563**	**7,578,563**	**7,578,563**	**-**
Total	**15,479,570**	**15,479,570**	**15,479,570**	**-**

	(Saudi Riyal)			
December 31, 2022	Book value	Contracted cash flow	Less than one year	More than a year
Contract liabilities	1,662,022	1,662,022	1,662,022	-
Trade payables	1,727,986	1,727,986	1,727,986	-
Due to related parties	360,000	360,000	360,000	-
Accrued expenses and other current liabilities	4,150,041	4,150,041	4,150,041	-
Total	7,900,049	7,900,049	7,900,049	-

25- FINANCIAL INSTRUMENTS RISK MANAGEMENT (Continued)

MARKET RISK

Market risk is the risk that the value of a financial instrument will fluctuate because of changes in market prices. Market risk comprise three types of risk: ***commission rate risk, foreign currency risk and price risk*** and other risks such as equity price risk and commodity price risk.

COMMISSION RATE RISK

Commission rate risk represents the risk that the value of financial instruments will fluctuate due to changes in the commission rates prevailing in the market.
The Group is subject to commission rate risk on in-house borrowing.

FOREIGN CURRENCY RISK

Currency risk represents the risks resulting from the fluctuation of the value of a financial instrument due to changes in foreign exchange rates. Management monitors fluctuations in foreign exchange rates (US Dollars, Egyptian Pound and Emirates Dirham) and the group believes that they are not exposed to significant currency risks.

PRICE RISK

The risk that the value of a financial instrument will fluctuate as a result of changes in market prices, whether those changes are caused by factors specific to the individual instrument or its issuer or factors affecting all instruments traded in the market. The Group is not exposed to a significant price risk.

CAPITAL RISK MANAGEMENT

The Group’s objectives when managing capital are to:

- Safeguard their ability to continue as a going concern, so that they can continue to provide returns for shareholders and benefits for other stakeholders.
- Maintain an optimal capital structure to reduce the cost of capital.

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

26- SEGMENT INFORMATION

Operating segment

The Group's products originate in The Kingdom of Saudi Arabia, and it has only two sectors, namely the sector of selling licenses to use software and applications, and the hardware sector. Neither of the two segments achieved the limits mentioned in IFRS 8 “Operating Segments” to disclose their information.
The types of revenues and other information and details were disclosed in Note (18).

Geographical sector

The Group operates entirely within inside and outside The Kingdom of Saudi Arabia.

The activities of the Company and its subsidiaries are concentrated mainly in The Kingdom of Saudi Arabia, branch of Egypt and branch of United Arab Emirates. The following is a summary of some financial data for each geographical area separately:

	(Saudi Riyal)	
	2023	2022
Geographical information		
Revenues:		
Kingdom of Saudi Arabia	**40,016,623**	40,436,866
Branch of United Arab Emirates	**1,005,580**	311,384
Branch of Egypt	**148,226**	99,148
Total	**41,170,429**	40,847,398

27- FAIR VALUE OF FINANCIAL INSTRUMENTS

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

28- SUBSEQUENT EVENTS

As per management opinion, there are no significant subsequent events except what was described in below after the year ended December 31, 2023 that could have a material impact on the consolidated financial position of the Group or the results of its operations.

On January 16, 2024, the Group announced signing of a (non-binding) memorandum of understanding to study the acquisition of the Technical Business Company for Communications and Information Technology (Sharek) at percentage of 100%.

29- APPROVAL OF THE CONSOLIDATED FINANCIAL STATEMENTS

These consolidated financial statements approved by the board of directors of the Group on 18 Ramadan 1445 H (corresponding to March 28, 2024).