

Annual Directors Report
For the year ended
31 December 2023

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1. Introduction

The Board of Directors of Saudi Networkers Services Company ('SNS' or the 'Company') is pleased to present its annual Board of Directors Report for the year 2023. The report reviews the year's performance and key achievements in addition to the consolidated financial statements and auditor's report for the year ended 31 December 2023.

The report also contains the applicable disclosures related to the Company's governance, Board of Directors, its committees, and transactions with related parties.

2. Company Main Activities

The principal activities of the Company are implementing, establishing, maintaining, operating, installing and managing telecommunication networks. The Company is also involved in providing the consulting, technical, administrative, marketing, customer care services and technical support for sales centers.

3. Company Vision

To be the leading and distinguished company in providing its services. Its vision is focused on the continuous innovation and application of the overall quality management business model.

4. Company Mission

The Company provides its customers with the best high quality standards, the best services and solutions in providing technical and technological consulting in the fields of telecommunications and information technology, several other areas, responding to the evolving market trends in achieving customers satisfaction, and using the best in class technologies to build its capabilities utilizing the Company experiences and strategic alliances with the customers, suppliers, employees and shareholders, thus ensuring continuity and professional development.

5. Company Values

Our core values shape the culture and defines the company's character. We observe the values through individual practice and they serve, as a foundation that how we make decisions.

Integrity – We do what is right.

Excellence – We never stop learning and improving.

Courage – We think and act confidently.

Composed – We respect the difference of opinions and draw the strength from it.

For Best – We thrive for what matters.

6. Company Strengths

1. The Company has a network of managers and engineers who have experiences that exceed twenty years of successful performance in the Kingdom of Saudi Arabia. The Company has implemented many projects with various customer sectors over the years.
2. Availability of a technical staff qualified to provide technical advisory in the fields of information technology, to name but a few: information networks, information security, servers, information saving, storage and retrieval systems - applications and databases.
3. The Company focuses on sustainability by providing high criteria for corporate governance, policies, procedures, code of conduct, and ethics. The senior management also manages risks on a sound basis. It also develops & implements the annual internal audit plan.

4. The ability to meet the needs and aspirations of many customer sectors, via more than 2,031 employees working for the Company.
5. The Company obtained the ISO9001 certificate specialized in the quality management system.
6. The Company obtained the ISO14001 certificate specialized in environmental management and protection system.
7. The Company obtained the OH SAS18001 certificate specialized in the health and safety management system.
8. The Company adheres to compliance with the requirements and regulations in accordance with the relevant laws and regulations.

7. SNS Capital structure as at 31 December 2023

Current Shareholders	No. of Shares	Nominal Value (SAR)	Direct ownership percentage
Mr. Abdulmohsen Ibrahim Abdulaziz AlTouq	2,235,000	22,350,000	37.25%
Eng. Osama Mohammed Abdulaziz Alsabeg	2,235,000	22,350,000	37.25%
Mr. Abdulrehman Muhammad Abdullah AlRasheed	300,000	3,000,000	5.00%
The Public	1,230,000	12,300,000	20.50%
Total	6,000,000	60,000,000	100.00%

8. Board Members

The Company is managed by a Board of Directors composed of six (6) members. The board members were appointed by the Ordinary General Assembly held on 08/03/1443H (corresponding to 14/10/2021G), for a five-year term.

Name	Post	Nationality	Type of membership and Independence	Company Ownership
Mr. Abdulmohsen Ibrahim Abdulaziz AlTouq	Chairman	Saudi	Non-executive, Non-independent	37.25%
Eng. Osama Mohammed Abdulaziz Alsabeg	Vice Chairman and Managing Director	Saudi	Executive, Non-independent	37.25%
Eng. Alwaleed Abdulrazaq Aldryaan	Member	Saudi	Non-executive, Independent	-
Dr. Abdullah Al-Husseini	Member	Saudi	Non-executive, Independent	-
Mr. Adel Mohammad Mallawi	Member	Saudi	Non-executive, Non-independent	-
Mr. Asher Noor Nisar Akhtar	Member	Pakistani	Non-executive, Non-independent	-

9. About Board of Directors

The Board of Directors meet at a minimum four times a year or when required by incitation from the Chairman of board, or from two Directors.

In 2023, the Board of Directors held a total of five (5) board meetings. The decisions and discussions of the Board of Directors are documented in the minutes of meetings and signed by the Chairman, Board of Directors & Board Secretary.

The Company's Board of Directors consists of highly qualified and respected individuals in the local regional and international business community. The Board members and their brief profiles are given below:

9.1. Board Members' Jobs, Qualifications and Experiences

Name	Abdalmohsen Ibrahim Abdulaziz AlTouq
Nationality	Saudi
Post	Chairman
Education	Bachelor of Business Administration, with specialty in Finance - King Saud University, Riyadh, Saudi Arabia, 1995G.

Name	Eng. Osama Mohammed Abdulaziz Alsabeg
Nationality	Saudi
Post	Vice Chairman and Managing Director
Education	Bachelor of Science in Electrical Engineering - King Fahd University of Petroleum and Minerals, Dhahran, Kingdom of Saudi Arabia, 1995G.

Name	Eng. Alwaleed Abdulrazaq Aldryaan
Nationality	Saudi
Post	Board member
Education	<ul style="list-style-type: none">• B.S Electrical Engineering, University of Wisconsin, USA• M.S Electrical Engineering, University of Wisconsin, USA

Name	Adel Mohammad Mallawi
Nationality	Saudi
Post	Board Member
Education	<ul style="list-style-type: none"> • Diploma in Board Directorship - GCC Board Directors Institute & FA Sep 2021 • Certificate in Board Directorship - GCC BDI & Financial Academy Oct 2020 • Master of Business Administration - University of Liverpool - Online June 2019 • Bachelor of Science - Chemistry - King Saud University June 1993 • High Performance Board - IMD - Lausanne Nov. 2019 • Strategic Management in Banking - INSEAD, FRANCE 2015 • Assets & Liability Management – MERC, Dubai UAE 2010 • Advance Swaps - New York Institute of Finance, USA 2001 • Derivatives Boot camp- Euromoney, Cambridge, UK 1998

Name	Dr. Abdullah Al-Husseini
Nationality	Saudi
Post	Board Member
Education	<ul style="list-style-type: none"> • Bachelor of Accounting, King Abdulaziz University, Jeddah, Kingdom of Saudi Arabia, 1990G • Master of Science in Accounting - King Saud University, Riyadh - Kingdom of Saudi Arabia, 1997G. • Ph.D. in Financial Accounting and Audit - University of Kent, Canterbury, United Kingdom – 2005G

Name	Asher Noor Nisar Akhtar
Nationality	Pakistani
Post	Board Member
Education	Chartered Accountant - Institute of Chartered Accountants of Pakistan, 2001G.

Member Name	Name of Companies in which a Board member is a member of their current Board or a manager	Inside/ outside Kingdom	Legal entity (listed joint stock/ non-listed joint stock/ limited liability)	Name of Companies in which a Board member is a member of their previous Board or a manager	Inside/ outside Kingdom	Legal entity (listed joint stock/ non-listed joint stock/ limited liability)
Abdulmohsen Ibrahim Abdulaziz AlTouq	Board chairman of Dar Al-Tamlik Company since 2019G to date.	Inside Kingdom	Non-Listed Joint Stock	CEO, AlTouq Ltd company since 2013G to 2023G.	Inside Kingdom	Limited Liability
	Arab National Bank Board Membership Detail: -Vice Chairman Board since 2020G to date. - Board member since 2017G to date.	Inside Kingdom	Listed Joint Stock	-	-	-
	Board chairman, Steel Products Company (STEPSCO) since 2014G to date.	Inside Kingdom	Non-Listed Joint Stock	-	-	-
	Tourism Development Fund: - Board Member – 2022 to date - Chairman Risk Committee – 2023 to date - Chairman Audit Committee - 2023 to date - Member Credit Committee – 2023 to date	Inside Kingdom	Government Entity	-	-	-
	Board Chairman, AlTouq Company Ltd. since 2013G to date.	Inside Kingdom	Limited Liability	-	-	-
Eng. Osama Mohammed Abdulaziz Alsabeg	Board Chairman, Wataniya Finance Company and the member of the Executive Committee from 2023G and since 2020G to date respectively.	Inside Kingdom	Non-Listed Joint Stock	-	-	-
	Member of the Board of Directors of the Wataniya Finance Company since 2020G to 2023G. Member of the board of directors of the Allianz Saudi Fransi Cooperative Insurance Company and member of the nomination and rumination committee and member of the risk committee From 08 August 2022 to date	Inside Kingdom	Listed Joint Stock	-	-	-
Eng. Alwaleed Abdulaziz Al-Falaki	CEO / Board Member in Al Khaleej Training & Education. Riyadh. Saudi Arabia Since 1993 to date.	Inside Kingdom	Listed Joint Stock	General Manager, Al-Khaleej Computers & Electronic Systems (Al-Khaleej and Al-Falak Group of Companies) Institute of	Inside Kingdom	Non-Listed Joint Stock

Member Name	Name of Companies in which a Board member is a member of their current Board or a manager	Inside/ outside Kingdom	Legal entity (listed joint stock/ non-listed joint stock/ limited liability)	Name of Companies in which a Board member is a member of their previous Board or a manager	Inside/ outside Kingdom	Legal entity (listed joint stock/ non-listed joint stock/ limited liability)
				Electronic Industries Department. (From 1992 to 1993)		
	Board Member of Care Medical Company, Riyadh, Saudi Arabia Since 2000 to date.	Inside Kingdom	Non-Listed Joint Stock	Board Member of Arabian Cement Company, Saudi Arabia Since 2015 to Dec 2023.	Inside Kingdom	Listed Joint Stock
	Chairman of Allianz Saudi Fransi Cooperative Insurance Company Since 2010 to date.	Inside Kingdom	Listed Joint Stock	Board Member of New Horizons Computer Learning Centers, PA, USA Since 2005 to Nov 2023.	Outside KSA	Non-Listed Joint Stock
	Board Member in BATCO Communication companies, Saudi Arabia Since 2010 to date.	Inside Kingdom	Non-Listed Joint Stock	-	-	-
	Board Member of Malaz Capital Group, Saudi Arabia Since 2014 to date.	Inside Kingdom	Limited Liability	-	-	-
	Board of Trustees of the Financial academy, Saudi Arabia Since 2021 to date.	Inside Kingdom	Limited Liability	-	-	-
	Chairman of Al Khaleej Training & Technology, Cairo. Egypt Since 2003 to date.	Outside KSA	Limited Liability	-	-	-
	Managing Director of Fast Lane Company, Dubai. UAE Since 2004 to date.	Outside KSA	Limited Liability	-	-	-
	Chairman of Franklin Covey Company, Dubai. UAE since 2006 to date.	Outside KSA	Limited Liability	-	-	-
	Chairman of Linguaphone/Direct English Company, London UK, Since 2011 to date.	Outside KSA	Limited Liability	-	-	-
Mr. Adel Mohammad Mallawi	Board and Chairman of Investment committee, member of NRC – Allianz Saudi Fransi Cooperative Insurance Company 2022 – Present	Inside Kingdom	Listed joint stock	Banque Saudi Fransi - Member of the following committees:	Inside Kingdom	Listed joint stock
	Board Member, Saudi Pro League (SPL), from 2023G to date.	Inside Kingdom	Sporting League	<ul style="list-style-type: none"> General Management Committee – 2017 – 2022 		

Member Name	Name of Companies in which a Board member is a member of their current Board or a manager	Inside/ outside Kingdom	Legal entity (listed joint stock/ non-listed joint stock/ limited liability)	Name of Companies in which a Board member is a member of their previous Board or a manager	Inside/ outside Kingdom	Legal entity (listed joint stock/ non-listed joint stock/ limited liability)
	Board Member, AION Digital KSA, from 2023G to date.	Inside Kingdom	Limited Liability	<ul style="list-style-type: none"> • Market Risk Committee 2011 – 2022 • Asset & Liability Committee – Deputy Chairman 2011 – 2022 • Treasury and Investment Committee 2011 – 2022 • Business Continuity Committee 2011 – 2022 • Compliance Committee 2017 - 2022 		
	Member of Advisory board at GCCBDI Riyadh (GCC Board of Directors Institute), from 2023G to date.	Inside Kingdom	Non-Profit Organization			
	Director and Chairman of Audit Committee – Tamweel Aloula 2022 – Present	Inside Kingdom	Non-Listed Joint Stock			
	Chairman of Risk Committee – Tweeq Fintech 2022 – Present	Inside Kingdom	Non-Listed Joint Stock			
	-	-	-	Chairman of Audit Committee – Saudi Telecommunication Systems (SAT) 2020 - Present	Inside Kingdom	Non-Listed Joint Stock
	-	-	-	Audit Committee member – Saudi Fransi Capital 2017 – 2022	Inside Kingdom	Non-Listed Joint Stock
	-	-	-	Risk Committee member – Allianz Saudi Fransi Cooperative Insurance Company 2019 - 2022	Inside Kingdom	Listed joint stock
	-	-	-	Investment Committee member- Allianz Saudi Fransi Cooperative Insurance Company 2019 – 2022	Inside Kingdom	Listed joint stock
	-	-	-	Chairman of the Board – SAKAN Real Estate Financing 2017 – 2019	Inside Kingdom	Non-Listed Joint Stock
	-	-	-	Board and Executive Committee – Allianz Saudi Fransi Cooperative Insurance Company 2017 – 2019	Inside Kingdom	Listed joint stock
	-	-	-	Executive Committee member – Saudi Fransi Capital 2017 – 2022	Inside Kingdom	Non-Listed Joint Stock

Member Name	Name of Companies in which a Board member is a member of their current Board or a manager	Inside/ outside Kingdom	Legal entity (listed joint stock/ non-listed joint stock/ limited liability)	Name of Companies in which a Board member is a member of their previous Board or a manager	Inside/ outside Kingdom	Legal entity (listed joint stock/ non-listed joint stock/ limited liability)
Dr. Abdullah Al-Husseini	Board Member, of Allianz Saudi Fransi Cooperative Insurance Company, since 2016G to date.	Inside Kingdom	Listed Joint Stock	-	-	-
	Board Member, Gulf Training and Education Company, since 2021G to date.	Inside Kingdom	Listed Joint Stock	-	-	-
	Board Member, Al-Babtain Energy and Telecommunications Company, since 2021G to date.	Inside Kingdom	Listed Joint Stock	-	-	-
	Board Member, Deutsche Gulf Finance Company, from 2017G to 2020G and from 2021G to date.	Inside Kingdom	Non-Listed Joint Stock	-	-	-
	Professor of Financial Accounting and Auditing, Prince Sultan University, since 2010G to date.	Inside Kingdom	Non-Profit Organization	-	-	-
Asher Noor Nisar Akhtar	-	-	-	CFO, Morgan Stanley Saudi Arabia, from 2008G to 2009G.	Inside Kingdom	Limited Liability
	-	-	-	Senior Manager, Banque Saudi Fransi, from 2002G to 2008G.	Inside Kingdom	Listed Joint Stock
	-	-	-	Chief Investment Officer, AlTouq Company Ltd. since 2009G to 2023.	Inside Kingdom	Limited Liability
	-	-	-	Board Member in 360VUZ since 2020G to 2023.	Outside Kingdom	Limited Liability
	-	-	-	Board Chairman, Ajeej Capital, since 2012G to 2023.	Outside Kingdom	Limited Liability

10. Board of Directors remuneration

Board members	Annual remuneration	Specific remuneration	Total allowance for attending committee meetings	Total allowance for attending General Assemblies	Remunerations for technical, managerial and consultative work	Remuneration for technical, managerial and consultative work	Remuneration of the Chairman, Managing Director or Secretary, if a member	In-kind benefits	Total	Percentage of the profits	Periodic remunerations	Short-term incentive plans	Long-term incentive plans	Granted shares	Expenses	Total	End of service reward	Aggregate amount	Expenses allowance
First: Independent Board Members or Directors																			
Eng. Alwaleed Abdulrazaq Aldryaan	100,000	-	15,000	-	-	-	-	-	115,000	-	-	-	-	-	-	-	-	115,000	-
Dr. Abdullah Al-Husseini	100,000	-	15,000	-	-	-	-	-	115,000	-	-	-	-	-	-	-	-	115,000	-
Sub-Total	200,000	-	30,000	-	-	-	-	-	230,000	-	-	-	-	-	-	-	-	230,000	-
Second: Non-Executive Directors																			
Mr. AbdulMohsen AlTouq	100,000	-	15,000	-	-	-	-	-	115,000	37.25%	-	-	-	-	-	-	-	115,000	-
Mr. Adel Mohammad Mallawi	100,000	-	15,000	-	-	-	-	-	115,000	-	-	-	-	-	-	-	-	115,000	-
Asher Noor Nisar Akhtar	100,000	-	9,000	-	-	-	-	-	109,000	-	-	-	-	-	-	-	-	109,000	-
Sub-Total	300,000	-	39,000	-	-	-	-	-	339,000	37.25%	-	-	-	-	-	-	-	339,000	-

Third: Executive and Non-Independent Director																		
Eng. Osama Mohammed Abdulaziz Alsabeg	100,000	-	15,000	-	-	-	-	-	115,000	37.25%	-	-	-	-	-	-	115,000	-
Sub-Total	100,000	-	15,000	-	-	-	-	-	115,000	37.25%	-	-	-	-	-	-	115,000	-
Total	600,000	-	84,000	-	-	-	-	-	684,000	74.50%	-	-	-	-	-	-	684,000	-

10.1 Board meetings and attendance

Member Name	Nature of Membership			Number of five (5) Board of Directors Meetings held in 2023				
	Executive	Non-Executive	Independent	26-Mar-23	2-Apr-23	14-Jun-23	3-Oct-23	21-Dec-23
Mr. Abdulmohsen Ibrahim Abdulaziz AlTouq	-	✓	-	✓	✓	✓	✓	✓
Eng. Osama Mohammed Abdulaziz Alsabeg	✓	-	-	✓	✓	✓	✓	✓
Eng. Alwaleed Abdulrazaq Aldryaan	-	-	✓	✓	✓	✓	✓	✓
Dr. Abdullah Al-Husseini	-	-	✓	✓	✓	✓	✓	✓
Mr. Adel Mohammad Mallawi	-	✓	-	✓	✓	✓	✓	✓
Mr. Asher Noor Nisar Akhtar	-	✓	-	✓	✓	✓	x	x

Attended ✓ Absent x

11. Board Committees

The Company in its policy adopts corporate governance, including the segregation of the responsibilities and functions of the board of directors, executive management and the policies that ensure that the Company board of directors works to achieve the interests of shareholders and follow the applicable Corporate Governance requirements.

11.1 Audit Committee

It is a committee formed by a resolution of the General Assembly of shareholders of the Company, which operates in accordance with its authorities included in the Committee's regulation and the approved authority matrix, with a minimum number of members of three and not more than five.

The Audit Committee consists of (3) three members, (2) of them are members of the Board of Directors, and (1) one member is from outside the Board.

The following table shows the members of the Audit Committee:

Name	Capacity
Mr. Adel Mohammed Malawi	Chairman
Mr. Osama Ahmad Ishaq bin Saleh	Member
Mr. Asher Noor Nisar Akhtar	Member

The biographies of Mr. Adel Mohammed Malawi and Mr. Asher Noor Nisar Akhtar are stated in section 9.1 as part of the biographies of board members. The biography of Mr. Osama Ahmad Ishaq bin Saleh is as follows:

Outside of Board of Directors:

Name	Osama Ahmad Ishaq bin Saleh
Nationality	Saudi
Post	Audit Committee Member
Education	Bachelor of Computer Science - King Saud University, Riyadh, Kingdom of Saudi Arabia, 1995G.

Member Name	Name of Companies in which a Board member is a member of their current Board or a manager	Inside/outside Kingdom	Legal entity (listed joint stock/ Non-listed joint stock/ limited liability)	Name of Companies in which a Board member is a member of their previous Board or a manager	Inside/outside Kingdom	Legal entity (listed joint stock/ Non-listed joint stock/ limited liability)
Osama Ahmad Ishaq bin Saleh	Chief Executive Officer, Al-Faris International Group since 2004G until the date of this document.	Inside Kingdom	Limited Liability	Vice President of Cash and Trade Finance in the Corporate Banking Sector, Arab National Bank from 2012G to 2014G.	Inside Kingdom	Listed Joint Stock
	Chairman of Banking Committee in the International Chamber of Commerce since 2012G to date.	Inside Kingdom	Under Federation of Saudi Chambers	Assistant General Manager - Head of Corporate Banking Solutions, Arab National Bank from 2006G to 2012G.	Inside Kingdom	Listed Joint Stock
	Partner and member of the board of directors in Instant Deal Company since 2021G to date	Inside Kingdom	Semi-government limited liability company	Manager of Corporate Electronic Services – Electronic Business Department, Banque Saudi Fransi, from 2003G to 2006G.	Inside Kingdom	Listed Joint Stock
	Deputy Chairman of the Board – Razeen Capital Since 6 Dec 2023	Inside Kingdom	Closed Joint-stock Co.	Head of Internal Network Services Unit (e-SIS), Samba Financial Group from 1996G to 2003G.	Inside Kingdom	Listed Joint Stock

11.1.1 Audit Committee member's remunerations

Name	Fixed Remuneration	Allowance for attending the meeting	Total
Mr. Adel Mohammed Malawi	50,000	-	50,000
Mr. Osama Ahmad Ishaq bin Saleh	50,000	-	50,000
Mr. Asher Noor Nisar Akhtar	50,000	-	50,000
Total	150,000	-	150,000

11.1.2 Audit Committee meetings and attendance

Name	Nature of membership	Number of Audit Committee Meetings			
		15-Mar-23	4-June-23	7-Aug-23	10-Dec-23
Mr. Adel Mohammed Malawi	Chairman	✓	✓	✓	✓
Mr. Osama Ahmad Ishaq bin Saleh	Member	✓	x	✓	✓
Mr. Asher Noor Nisar Akhtar	Member	✓	✓	x	✓

Attended ✓ Absent x

11.1.3 Scope of the Committee's Work

Without any restrictions, the audit committee may:

- Review the Company's records and documents.
- Request any clarification or statement from the Board members or the Executive Management.
- Request that the Board calls for a General Assembly Meeting if its activities have been impeded by the Board or if the Company has suffered significant losses and damages.

11.1.4 Tasks and Responsibilities of the Committee

The audit committee shall be competent in monitoring the Company's activities and ensuring the integrity and effectiveness of the reports, financial statements and internal control systems. The duties of the audit committee shall particularly include the following:

11.1.4.1 Financial Reports

- Analyzing the Company's interim and annual financial statements before presenting them to the Board and providing its opinion and recommendations thereon to ensure their integrity, fairness and transparency;
- Providing its technical opinion, at the request of the Board, regarding whether the Board's report and the Company's financial statements are fair, balances, understandable, and contain information that allows shareholders and investors to assess the Company's financial position, performance, business model, and strategy;
- Analyzing any important or non-familiar issues contained in the financial reports;
- Accurately investigating any issues raised by the Company's Chief Financial Officer or any person assuming his/her duties or external auditor.
- Examining the accounting estimates in respect of significant matters that are contained in the financial reports; and
- Examining the accounting policies followed by the Company and providing its opinion and recommendations to the Board thereon.

11.1.4.2 Internal Audit

- The company already has an internal audit department. However, if the Company has no internal auditor, the audit committee shall provide a recommendation to the Board on whether there is a need to appoint an internal auditor.
- Examining and reviewing the Company's internal and financial control systems and risk management system.
- Analyzing the internal audit reports and following up the implementation of the corrective measures in respect of the remarks made in such reports.
- Monitoring and overseeing the performance and activities of the internal audit department of the company, if any, to ensure the availability of the necessary resources and their effectiveness in performing the assigned activities and duties.
- Providing a recommendation to the Board on appointing the manager of the internal audit unit or department, or the internal auditor and suggest his/her remunerations.
- The annual review of the effectiveness of the internal control procedures of the Company has been stated in point # 23 of this document.
- Company's internal control system is effective and efficient and internal audit department is vigilant in minimizing any control deficiencies, if any.

11.1.4.3 External Auditor

- Providing recommendations to the Board to nominate external auditors, dismiss them, determine their remunerations, and assess their performance after verifying their independence and reviewing the scope of their work and the terms of their contracts.
- Verifying the independence of the external auditor, its objectivity, fairness, and effectiveness of the audit activities, considering the relevant rules and standards.
- Reviewing the plan of the Company's external auditor and its activities, and ensuring that it does not provide any technical or administrative works that are beyond its scope of work, and provides its opinion thereon.
- Responding to queries of the Company's external auditor; and
- Reviewing the external auditor's reports and its comments on the financial statements, and following up the procedures taken in connection therewith.

11.1.4.4 Ensuring Compliance

- Reviewing the findings of the reports of supervisory authorities and ensuring that the Company has taken the necessary actions in connection therewith.
- Ensuring the Company's compliance with the relevant laws, regulations, policies and instructions.
- Reviewing the contracts and proposed Related Party transactions, and providing its recommendations to the Board in connection therewith; and
- Reporting to the Board any issues in connection with that it deems necessary to act on, and providing recommendations as to the steps that should be taken.

11.2 Nominations and Remunerations Committee

The Nominations and Remunerations Committee Members are as follows:

Name	Capacity
Eng. Alwaleed Abdulrazaq Aldryaan	Chairman
Eng. Osama Mohammed Abdulaziz Alsabeg	Member
Dr. Abdullah Al-Husseini	Member

The biographies of members of the Nominations and Remunerations Committee are stated in section 9.1 as part of the biographies of board members.

11.2.1 NRC Committee member's remunerations

Name	Fixed Remuneration	Allowance for attending the meeting	Total
Eng. Alwaleed Abdulrazaq Aldryaan	25,000	-	25,000
Eng. Osama Mohammed Abdulaziz Alsabeg	25,000	-	25,000
Dr. Abdullah Al-Husseini	25,000	-	25,000
Total	75,000	-	75,000

11.2.2 NRC Committee meetings and attendance

Name	Capacity	Number of NRC Committee Meetings			
		17-Jan-23	7-June-23	11-Oct-23	8-Nov-23
Eng. Alwaleed Abdulrazaq Aldryaan	Chairman	✓	✓	✓	✓
Eng. Osama Mohammed Abdulaziz Alsabeg	Member	✓	✓	✓	✓
Dr. Abdullah Al-Husseini	Member	✓	✓	✓	x

Attended ✓ Absent x

11.2.3 Tasks and Responsibilities of the Committee

The functions and responsibilities of the Nominations and Remunerations Committee include the following:

- Making recommendation to the Board of Directors with respect to the board membership nomination, in accordance with the approved policies and criteria, taking into account that any person convicted of a crime affecting dignity and honesty should not be nominated.
- Reviewing annually the appropriate skills requirements needed for board membership and preparing a description of the capabilities and qualifications required for board membership, including determining the time a member needs to dedicate to the board work.
- Reviewing the board structure and making recommendations on the changes that can be made.
- Identifying weaknesses and strengths of the board and proposing addressing them in accordance with the Company interest.
- Annually ensuring the independence of independent members and that there is no conflict of interest if the member is a member of the board of another company.
- Developing clear policies for the compensations and remunerations of board members and senior executives, considering the use of performance-related criteria upon the development of such policies.

12. Senior Executive

Company Senior Management involves the following personnel:

Name	Nationality	Post	Appointment date
Eng. Osama Mohammed Abdulaziz Alsabeg	Saudi	Vice Chairman and Managing Director	01/11/2021
Mr. Raid Abdulaziz Arafeh	British	CEO	01/02/2005
Mr. Ahmed Sayed Sarwari	Indian	CFO	21/09/2011
Muhammad Imran Malik Ghulam Sarwar	Pakistani	Board Secretary & Chief Audit Executive	02/11/2021
Mustafa Odeh	Jordanian	Customers' Key Accounts Manager (a)	01/02/2006
Hassan Mustafa	Jordanian	Customers' Key Accounts Manager (b)	05/05/2014

The biography of Eng. Osama Mohammed Abdulaziz Alsabeg is stated in section 9.1 of this document. Following is an overview of the senior management members:

Name	Raid Abdulaziz Arafeh
Nationality	British
Post	Chief Executive Officer – Executive Management
Education	<ul style="list-style-type: none"> Bachelor of Electrical and Electronics Engineering, Coventry University, UK, 1992G.
Experiences	<ul style="list-style-type: none"> CEO of Saudi Networkers Services Company, since 2005G until the date of this document. Manager of MSE Company Branch in the Kingdom of Saudi Arabia from 2000G to 2005G.

Name	Ahmed Sayed Sarwari
Nationality	Indian
Post	Chief Financial Officer – Executive Management
Education	<ul style="list-style-type: none"> Certified Chartered Account – Institute of Chartered Accountants of India, 2007G Bachelor of Commerce -SRT University, India, 2002G.
Experiences	<ul style="list-style-type: none"> Chief Financial Officer, Saudi Networkers Services since 2014G until the date of this document. Financial Controller, Saudi Telecommunications Systems Company from September 2011G to June 2014G. Senior Assistant Manager, Ernst & Young, Riyadh from 2010G Until 2011G. Senior Audit Assistant (partner), Hundiwala and Partners Certified Accountants, India from 2009G to 2010G. Assistant Senior Manager, Branch Operations, Citibank-India from 2007G to 2009G.

Name	Muhammad Imran Malik Ghulam Sarwar
Nationality	Pakistani
Post	Board Secretary and Chief Audit Executive
Education	<ul style="list-style-type: none"> Fellow of the Association of Chartered Certified Accountants (FCCA) – Association of British Chartered Accountants, Glasgow, UK, 2003G.
Experiences	<ul style="list-style-type: none"> Board Secretary & Chief Audit Executive Saudi networkers services Co 2021G to date. Board secretary & Chief Audit Executive of Bayader Al-Aryaf Telecommunications Systems in the Kingdom of Saudi Arabia since 2019G to 2021 . General Manager Finance, MTN Group from 2008G to 2018G . Assistant Manager, Ernst & Young KSA from 2007G to 2008G . Senior Accountant, Ooredoo Group from 2005G to 2006G. Audit Supervisor, Ernst & Young from 2003G to 2004G.

Name	Mustafa Odeh
Nationality	Jordanian
Post	Customers' Key Accounts Manager (a)
Education	<ul style="list-style-type: none"> Bachelor of Electrical Engineering, College of Engineering and Technology, University of Jordan, Amman, 1987G
Experiences	<ul style="list-style-type: none"> Customers' Key Accounts Manager (a), Saudi Networkers Services, since 2007G till date. Deputy Project Services Manager, Saudi Networkers Services from 2006G till 2007G General Manager, Sharaeh Al Taqnia Establishment from 2003G to 2006G. Business Development Manager, Al Basheer Trading Establishment – General Contracting from 1994G to 2003G, Electronic Engineer, Bassam Trading Establishment – Biomedical Equipment from 1989G to 1994G.

Name	Hassan Mustafa
Nationality	Jordanian
Post	Customers' Key Accounts Manager (b)
Education	<ul style="list-style-type: none"> High Diploma in Computers and Digital Systems – Al-Balqa Applied University - Amman, Jordan, 1989G
Experiences	<ul style="list-style-type: none"> Customers' Accounts Manager (b), Saudi Networkers Services Ltd., since 2014G till date. Sales Manager, Central Province, Hardware Solutions Builders – Hasoub, from 2012G to 2013G. Sales Manager, CISCO Systems from 2010G to 2012G. Sales Manager, Getronics Saudi Arabia Ltd, from 2002G 2010G, Senior Sales Representative, Jordan Data Systems from 1996G to 2002G. Supervisor, Maintenance Division, Technical Systems Company, 1990G to 1996G.

12.1 Senior Executive Remuneration

The five top Senior Executives, including the Chief Executive Officer (CEO) and the Chief Financial Officer (CFO), receive a remuneration according to employment contracts signed with them. The following table illustrates details of remuneration and compensation paid to Senior Executives.

	Fixed remuneration			Variable remuneration		End of service rewards	Grand total
	Salaries	Allowances	Total	Long-term incentive plans	Total		
Executive Management	3,176,590	157,950	3,334,540	3,755,837	3,755,837	599,376	7,090,377

* The Company committed to disclose total remuneration of the Senior Executive Management in accordance with the requirements of Article 93(4-b) of the Corporate Governance Rules. In order to protect the interests of the Company, its shareholders and its employees, and to avoid any damage that may result from the disclosure in details as per job titles and positions, the description of remuneration is not presented pursuant to Appendix (1) Remuneration Schedule of Corporate Governance Rules related to Senior Executives.

13. Summary of Financial Information

The summary of the financial statements below should be read along with the audited consolidated financial statements, including the accompanying notes for the financial year ending on December 31, 2023G and the audited consolidated financial statements for the financial year ending on December 31, 2022G.

Description	2023	2022 (Restated)	Change (SAR)	Change (%age)
Revenue	554,653,846	478,629,400	76,024,446	15.88%
Cost of revenue	(480,914,601)	(415,242,093)	(65,672,508)	15.82%
Gross profit	73,739,245	63,387,307	10,351,938	16.33%
Net profit	36,555,384	30,086,377	6,469,007	21.50%
Total Comprehensive Income	38,769,619	33,061,679	5,707,940	17.26%

13.1 Historical performance

Description	2019	2020	2021	2022 (Restated)	2023
Revenue	412,950,389	468,166,403	473,251,037	478,629,400	554,653,846
Gross profit	58,747,346	69,125,980	57,736,238	63,387,307	73,739,245
Net profit	31,437,046	39,123,260	28,354,621	30,086,377	36,555,384
Total comprehensive income	31,290,014	37,656,218	26,033,158	33,061,679	38,769,619

Description	2019	2020	2021 (Restated)	2022 (Restated)	2023
Current assets	138,811,836	149,572,914	168,830,991	183,373,877	206,909,631
Non-Current assets	3,978,671	1,823,829	2,100,689	1,137,060	5,054,535
Total assets	142,790,507	151,396,743	170,931,680	184,510,937	211,964,166
Current liabilities	84,319,477	84,679,808	86,230,172	75,317,352	84,887,456
Non-Current liabilities	14,566,781	16,244,075	20,157,517	21,587,915	26,801,421
Total liabilities	98,886,258	100,923,883	106,387,689	96,905,267	111,688,877

- The net profit for the current period compared to the same period of the previous year has increased by SR 6.47 million (21.50%) is due to:
 - Increased revenue; and
 - Some additional cost savings.
- The increase in net profit has resulted in an increase in earnings per share to SR 6.1 compared to SR 5.0 in the previous year.
- The Group has reported Total Equity of SR 100.28 million compared to SAR 87.61 million in last year i.e. an increase of over 14.46%.
- The Group is proceeding with the legal formalities to liquidate its subsidiary in Algeria to focus on the potential growth in the Saudi market and has reported the financial information related to the subsidiary as discontinued operations. The company discontinued operations in Algeria have no impact on the company operations in the Kingdom of Saudi Arabia.

14. Shareholders records

Numbers of company's requests of shareholders records, dates and reasons thereof.

Number of the Company's requests of shareholders registry	Date	Reasons of Request
1	20/02/2023	To validate Shareholder details and facilitate investor relations activities
2	20/02/2023	To validate Shareholder details and facilitate investor relations activities
3	10/5/2023	To validate Shareholder details and facilitate investor relations activities
4	31/05/2023	For Annual General Meeting of the company
5	02/10/2023	For Annual General Meeting of the company
6	27/12/2023	To validate Shareholder details and facilitate investor relations activities

15. Dividends Policy

The Shares grant their holders the right to receive the dividends declared by the Company. According to the Company's Articles of Association, any decision to distribute cash dividends must be issued by the ordinary general assembly based on a recommendation from the Board of Directors, which takes into account upon issuing this recommendation the various factors prevailing at the time, including the Company's profits, the financial conditions, and the restrictions that the process of distributing profits is subject to in accordance with financing and debt agreements, the results of the Company's activities, the Company's cash needs now and, in the future, and the expansion plans and investment requirements of the Company.

The Company does not provide any guarantees that it will distribute dividends for any year, nor does it guarantee the value of those dividends that can be distributed in any specific year. The profit distribution process is subject to certain restrictions in accordance with the Company's bylaws.

15.1 Eligible Shareholders and payment of Dividends

The entitlement of receiving dividends is for shareholders who owned shares on the due date specified in the Board resolution to distribute biannual or quarterly basis interim dividends, which will be announced on Tadawul.

15.2 Tax Implications on payment of Dividends to non-resident shareholders

A withholding tax of 5% will be deducted on the payment of dividends to the Non-resident shareholders (Company / Individual).

15.3 Unclaimed Dividends

Any unclaimed Dividends shall be recorded as payable in the companies' books. No interest shall accrue on unclaimed Dividends held by the Company.

15.4 Dividends Distribution Announcements

The company will make due announcements of dividends as applicable.

16. Dividends for the Year 2023

The Board of Directors of Saudi Networkers Services Company, during its meeting on 24 March 2024, has recommended to the General Assembly a payment of dividend for the second half of 2023 as SAR 2.35 per share amounting to SAR 14.1 million. Dividends will be paid to the shareholders who are registered on Tadawul at the end of the second trading day following the General Assembly Meeting.

During the year 2023, the company announced the final dividend of SAR 14.1 million at the rate of SAR 2.35 per share for the year 2022 while interim dividend of SAR 12 million at the rate of SAR 2 per share for the year 2023, hence, a total dividend of SAR 26.1 million was paid during the year 2023.

17. Actions taken by the Board of Directors to inform of the Shareholders' Suggestions and Observations about the Company.

During the 1st Board of Directors meeting, after General Assembly the Chairman informs the members of the Board of Directors, especially the non-executive members, of the shareholders observations and suggestions about the company and its performance.

18. Punishment, Penalty and Precautionary procedure or Preventive measures

None.

19. RISKS

19.1 Financial Risk Management:

The company has exposure to the following risks from its use to financial instruments:

19.1.1 Credit risk:

Credit risks represents the inability of one party to meet its obligations, which leads to the other party incurring a financial loss.

Financial assets subject to the concentration of credit risk consist mainly of cash and its provisions, and trade receivables, and the company retains cash with banks with a good credit rating and therefore determines the risks, and the receivables appear after deducting the allowance for impairment.

The Company is committed to managing customer-related credit risk by setting credit limits for each customer and monitoring outstanding receivables.

19.1.2 Liquidity risk:

Liquidity risks represent the difficulties that the Company faces in raising funds to meet commitments related to financial instruments. Liquidity risk results from the inability to sell a financial asset quickly at an amount equivalent to its fair value.

The Company manages liquidity risks by maintaining sufficient cash balances with banks and ensuring that it can obtain sufficient facilities, if required to cover their short-term obligations on an ongoing basis.

19.1.3 Market risk:

Market risk represents risks resulting from fair value fluctuations or future cash flows of financial instruments due to changes in market prices. Market risk consists of two types of risk:

- **Currency risk:**

Currency risk is the risk that the value of a financial instrument will fluctuate due to changes in foreign exchange rates. The Company's transactions are primarily in Saudi Riyals, Algerian Dinars and United States dollars. Since Saudi Riyal is pegged to United States dollars, management of the Company believes that the currency risk for the financial instruments is not significant.

- **Transaction price risks:**

Special commission risk relates to risks resulting from fluctuating financial performance because of the change in the prevailing commission rates in the market. The Company monitors commission price fluctuations and believes that the impact of commission rate risk is not substantial on the financial position and consolidated cash flows.

19.2 Risk Management:

19.2.1 Adequacy of the Internal Control System:

The Audit Committee continuously develops and supports internal control and monitoring systems, where the internal audit section conducts risk-based audit plan, which is constantly adopted and monitored by the Audit Committee. The audit processes aim to evaluate the internal control systems. The audit processes carried out by company's internal audit section and the external auditors show the adequacy of the Company's internal control system, and did not present any fundamental weakness in the Company's internal control system. Accordingly, the Audit Committee believes that the internal control system is effective and adequate.

For now, the company does not have a risk management committee and will be applied by the company once it becomes mandatory.

19.2.2 Capital Management Risk:

In order to achieve this overall objective, the Company's capital management, among other things, aims to ensure that it meets financial covenants attached to the interest-bearing loans and borrowings that define capital structure requirements. Breaches in meeting the financial covenants would permit the bank to immediately call loans and borrowings. There have been no breaches of the financial covenants of any interest-bearing loans and borrowing in the current period.

20. Movement of borrowings during the year

Following is the movement of short-term borrowings during the year:

	31 December 2023	31 December 2022
Balance at beginning of the year	22,978,975	40,801,349
Interest expense	2,681,278	1,657,767
Proceeds during the year	112,352,757	390,918,339
Repayments during the year	(105,377,835)	(408,740,713)
Interest expense paid during the year	(1,922,949)	(1,657,767)
Balance at end of the year	<u>30,712,226</u>	<u>22,978,975</u>

The Company has bank facilities in the form of short terms loans and progress payment finance facility from commercial banks to finance its working capital requirements. The short-term loans and progress payment finance facility borrowings are subject to an interest rate of SIBOR plus market prevalent rates.

21. Future expectations of the company's business

The company aims to continue with sustainable growth.

22. Representations of the Board of Directors

The Board of Directors approves the following:

1. That the accounting records were prepared correctly.
2. The internal control system was properly developed and implemented effectively.
3. There is no doubt about the company's ability to continue its activity.
4. In compliance with the law and rules on the Offers of Securities and Continuing Obligations, there are no sanctions, precautionary measure or reserve restrictions, imposed on the company by the CMA or any other supervisory regulatory or judicial body.
5. The Company's financial statements were prepared in accordance with the accounting standards approved by the Saudi Organization for Chartered and Professional Accountants and no inconsistencies were observed during the year.
6. There is no interest in the category of shares with the rights to vote belonging to persons (except for the disclosure of board members, senior executives and their relatives) who have informed the company of these rights during the year 2023.
7. There is no occurrence of any interest held by a person in a class of voting shares (other than the company's directors, Senior Executives and their relatives) who have notified the Company of their holdings pursuant to Article 85 of the Rules on the Offer of Securities and Continuing Obligations, together with any change to such interests during the last fiscal year.
8. There is no interest, contractual securities and underwriting rights belonging to members of the Board of Directors.
9. There are no categories and numbers of any convertible debt instruments and any contractual securities, right-to-subscription notes or similar rights issued or granted by the Company during fiscal year 2023, as well as stating any compensation obtained by the Company in this regard.
10. There is no businesses or contracts to which the Company is a party, or which it is in the interest of a member of the Board of Directors, the CEO, the CFO or any person associated with any of them.
11. There are no Board members, who are directly or indirectly involved in any competing business with the Company or any of its activities.
12. There is no interest, contractual securities or rights issue of the Board members, Senior Executives and their relatives on shares or debt instruments of the Company or its affiliates, and any change on these interest or rights during the last fiscal year.
13. There is no conversion or subscription rights under any convertible debt instruments, contractually based securities, warrants or similar rights issued or granted by the company.
14. There is no redemption, purchase or cancellation by the Company of any redeemable debt instruments and the value of such securities outstanding, distinguishing between those listed securities purchased by the Company and those purchased by its affiliates.
15. There are transactions between the Company and its related parties during the year which are disclosed in the financial statements.
16. There is no refund, purchase or cancellation by the Company, for any refundable debt instruments.
17. There are no arrangements or agreements, under which a board member or a senior company executive waives any salary or compensation.
18. There are no arrangements or agreements, under which a shareholder waives any right to dividend.
19. There is no outstanding statutory payment on account of any zakat, taxes, fees or any other charges that have not been paid until the end of the annual financial period.
20. There are no other investments or reserves created for the benefit of the company's employees.
21. There is no shares or debt instruments issued to a subsidiary.
22. The company does not have retained treasury shares.
23. The report provided by the external auditors does not contain any reservations of any sort on the financial statements for the year ended 31 December 2023.
24. The Board have not recommended replacing the external auditor before the end of its term.

23. Conflict between the Audit Committee and the Board

There are no recommendations from the Audit Committee that conflict with board decisions, or which the Board has rejected to consider in relation to the appointment or dismissal of the Company's Auditor, determination of its fees, evaluation of its performance or the appointment of the External Auditor.

24. Shareholders' General Assembly

Name	Capacity	General Assembly Meetings	
		5-Jun-23	9-Oct-23
Mr. Abdulmohsen Ibrahim Abdulaziz AlTouq	Chairman	✓	✓
Eng. Osama Mohammed Abdulaziz Alsabeg	Vice Chairman and Managing Director	✓	✓
Eng. Alwaleed Abdulrazaq Aldryaan	Member	✓	x
Dr. Abdullah Al-Husseini	Member	✓	✓
Mr. Adel Mohammad Mallawi	Member	✓	✓
Mr. Asher Noor Nisar Akhtar	Member	✓	✓

25. Recommendations from the Board of Directors to the Ordinary General Assembly

The company board of directors will be calling for the general assembly & the necessary notices will be given as applicable.

26. Restatement of Financial Statements

The note below sets out the details of adjustments and the line items impacted in the consolidated statements of financial position, comparative income, changes in equity and of cash flows:

Restatement 1

The financial statements for the year 2022 were misstated in a number of respects relating to short-term employee benefit accruals. The following issues have now been identified:

- During 2022, the Company erroneously reversed excessive short-term employee benefit accruals through profit or loss, amounting to SAR 4.3 million, rather than recording the correction as a restatement against the opening retained earnings as at January 1, 2022. This resulted in an overstatement of the reported profit for 2022.
- The opening balance of short-term employee benefit accruals as of January 1, 2022, included an overstatement of SR 2.8 million in addition to SR 4.3 million as explained in (a) above, accordingly the short-term employee benefit accruals have been restated by SR 7.1 million in total. as of January 1, 2022 .

- c) The Company has also identified and corrected additional excess accruals carried on the 2022 statement of financial position, amounting to SR 2.1 million. These amounts should have been trued up as a change in estimate during 2022 because new information came to light about these balances during that year, but this adjustment was not made in the prior year. This resulted in an understatement of the profit for 2022.
- d) Finally, management also identified that in 2022 certain other accruals had been raised against one-line item but reversed elsewhere if not required. Corrections have been made to ensure that employee benefit expenses are charged to the correct financial statement line item and that the effect of reversing accruals in 2022 is reported net within the same financial statement line item i.e. Cost of sales.

Restatement 2

Due to the restatements 1 above, the opening and the closing balance of statutory reserves for the year 2022 have been restated.

Restatement 3

- a) In 2022 the Company reported the assets of its Algerian subsidiary as held for sale and its results as a discontinued operation. However, the Algerian subsidiary had already ceased trading by 31 December 2022 and had no non-current assets recognised on its balance sheet. The held for sale classification was therefore incorrect, although the cessation of trade during 2022 meant that presentation as discontinued operations was appropriate.

The 2022 balance sheet has been restated to reclassify all of the current assets and liabilities of the Algerian subsidiary to the respective line items.

In reporting the Algerian subsidiary as a discontinued operation in the prior year, the cash flow statement mistakenly excluded this entity's cash and all of its cash flows. Under IAS 7 and IFRS 5, cash flows from discontinued operations should continue to be included within the cash flow statement but disclosed separately. The Company has therefore restated the cash flow statement to include the Algerian subsidiary.

- b) Management has conducted a reassessment of the presentation requirements concerning finance costs paid in respect to short-term borrowings and leases in the consolidated statement of cash flows. As a result, the consolidated statement of cash flows has been restated to incorporate the finance costs paid as a distinct line item.

Restatement 4

Prior to the year 2022, management disposed of assets amounting to Saudi Riyals 0.5 million. To reflect this accurately in the property and equipment movement, the amount has been adjusted in the opening balances of both cost and accumulated depreciation, with no impact on the net book value of property and equipment as of 1 January 2022.

For detailed review of restatements, please see the note 29 of the consolidated financial statements for the year ended 31 December 2023.

27. Acknowledgment

At the end of our report, the Board of Directors of SNS are pleased to thank the shareholders for their trust and continued support. We also extend our thanks to the Company's management and employees for their fruitful efforts.

Regards,
Board of Directors
24 March 2024