

TAM DEVELOPMENT COMPANY
(A Saudi Joint Stock Company)

CONSOLIDATED FINANCIAL STATEMENTS
and Independent Auditor's Report
For the year ended 31 December 2023

TAM DEVELOPMENT COMPANY
(A Saudi Joint Stock Company)
Consolidated Financial Statement and Independent Auditor's Report
For the year ended 31 December 2023

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KPMG Professional Services

Roshn Front, Airport Road
P.O. Box 92876
Riyadh 11663
Kingdom of Saudi Arabia
Commercial Registration No 1010425494

Headquarters in Riyadh

كي بي إم جي للاستشارات المهنية

واجهة روشن، طريق المطار
صندوق بريد ٩٢٨٧٦
الرياض ١١٦٦٣
المملكة العربية السعودية
سجل تجاري رقم ١٠١٠٤٢٥٤٩٤

المركز الرئيسي في الرياض

Independent Auditor's Report

To the Shareholders of Tam Development Company (A Saudi Joint Stock Company)

Opinion

We have audited the consolidated financial statements of **TAM Development Company ("the Company") and its subsidiary ("the Group")**, which comprise the consolidated statement of financial position as at 31 December 2023, the consolidated statements of profit or loss and other comprehensive income, changes in shareholders equity and cash flows for the year then ended, and notes to the consolidated financial statements, comprising material accounting policies and other explanatory information.

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

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing as 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 is endorsed in the Kingdom of Saudi Arabia, that are relevant to our audit of the consolidated financial statements, and we have fulfilled our other ethical responsibilities in accordance with the Code's requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key audit matter

Key audit matter is this matter that, in our professional judgement, was of most significance in our audit of the consolidated financial statements of the current period. This matter was 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 this matter.

Independent Auditor's Report

To the Shareholders of Tam Development Company (A Saudi Joint Stock Company) (continued)

Key audit matter (continued)	
Revenue recognition	
Refer Note (3-w) for the material accounting policies related to revenue from contracts with customers and Note (21) related to revenues disclosure.	
Key audit matter	How the matter was addressed in our audit
<p>The Group applies IFRS 15 'Revenue from contracts with customers.</p> <p>The Group revenue amounted to SR 188,403,128 for the year ended at 31 December 2023 (SR 147,073,483 for the year ended 31 December 2022).</p> <p>We considered revenue recognition to be a key audit matter because revenue is a key indicator for measuring the Group's performance from which there is an inherent risk that revenue may be reported at more than it actually amounts to meet targets and expectations.</p> <p>Revenue is recognized when services are provided to the customers over-time / at a point of time.</p>	<p>The audit procedures we performed, among others, based on our judgment, included the following:</p> <ul style="list-style-type: none"> • Evaluated the appropriateness of the accounting policies relating to the revenue recognition and the extent of compliance with the accounting standards associated thereto. • Tested the design and implementation of internal control procedures related to revenue recognition and their operational effectiveness, including anti-fraud control procedures. • On a sample basis, we assessed the appropriateness of percentage of the contracts completion by recalculating the completion percentage by reference to the costs incurred to date compared to the estimated total cost, where the performance obligation is satisfied over time to verify the balances of revenue, contract assets or contract liabilities, and trade receivables. • On a sample basis, we assessed the accuracy of the Group forecasts related to estimating the contracts completion cost, mainly identification of the completion percentage considering the change in the related conditions between the event and date of measurement, and this may influence the suitability of the audit evidence obtained in this regard. • On a sample basis, we tested the revenue transactions recognized at a point of time with their supporting documents. • On a sample basis, we tested the revenue transactions with their supporting documents, to verify that the revenue is recorded in the correct periods. • Inquired from the management representatives regarding fraud awareness and the existence of any actual fraud cases. • Assessing the adequacy of relevant disclosures in the consolidated financial statements.



Independent Auditor's Report

To the Shareholders of Tam Development Company (A Saudi Joint Stock Company) (continued)

Other Information

Management is responsible for the other information. The other information comprises the information included in the annual report but does not include the consolidated financial statements and our auditor's report thereon. The annual report is expected to be made available to us after the date of this auditor's report.

Our opinion on the consolidated financial statements does not cover the other information and we will not express any form of assurance conclusion 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, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

When we read the annual report, when made available to us, if we conclude that there is a material misstatement therein, we are required to communicate the matter to those charged with governance.

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

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

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

Those charged with governance, the Board of Directors, is 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 International Standards on Auditing 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 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 International Standards on Auditing that are endorsed in the Kingdom of Saudi Arabia, we exercise professional judgement and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

Independent Auditor's Report

To the Shareholders of Tam Development Company (A Saudi Joint Stock Company) (continued)

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

- 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, then we are required to draw attention in our auditor 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 auditors' 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.

We communicate with those charged with governance regarding, among other matters, the planned sc and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit of **TAM Development Company ("the Company") and its subsidiary ("the Group")**.

We also provide those charged with governance with a statement that we have complied with relev ethical requirements regarding independence, and communicate with them all relationships and other matters that may reasonably be thought to bear on our independence and where applicable, actions tak 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 period and are therefore the key audit matters. We describe these matters in our auditors' 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.

KPMG Professional Services



Hani Bin Hamzah Bin Ahmed Bedairi
License No.: 460

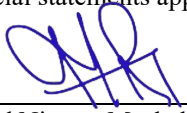


Riyadh, 27 March 2024
Corresponding to: 17 Ramadan 1445H

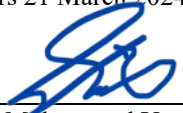
TAM DEVELOPMENT COMPANY
(A Saudi Joint Stock Company)
Consolidated Statement of Financial Position
As at 31 December 2023
(Saudi Riyal)

	Note	31 December 2023	31 December 2022 (Restated – note 29)
<u>ASSETS</u>			
Non-current assets			
Property and equipment	(4)	1,602,417	1,700,914
Intangible assets	(5)	9,925,260	4,273,341
Right-of-use assets	(6)	496,964	1,373,014
Bank deposit	(7)	5,000,000	5,000,000
Total non-current assets		17,024,641	12,347,269
Current assets			
Trade receivables	(8)	66,914,511	16,951,207
Other current asset	(9)	11,314,189	14,289,829
Contract assets	(10)	41,156,844	27,201,483
Bank deposit	(7)	6,000,000	-
Cash and cash equivalents	(11)	46,367,331	61,387,845
Total current assets		171,752,875	119,830,364
Total assets		188,777,516	132,177,633
<u>SHAREHOLDERS EQUITY AND LIABILITIES</u>			
SHAREHOLDERS Equity			
Share capital	(12)	36,599,970	36,599,970
Statutory reserve		6,320,238	6,320,238
Treasury shares	(13)	(3,659,970)	(3,659,970)
Other reserve		3,078,000	3,078,000
Additional shareholders contribution		3,905,218	3,659,970
Retained earnings		63,515,670	25,622,816
Total shareholders equity		109,759,126	71,621,024
Liabilities			
Non-current liabilities			
Employees' benefits obligations	(15)	5,423,128	4,188,585
Total Non-current liabilities		5,423,128	4,188,585
Current liabilities			
Trade payables and other current liabilities	(16)	29,925,882	25,947,877
Contract liabilities	(17)	40,213,322	24,573,185
Credit facilities	(18)	-	2,848,643
Lease liabilities	(6)	-	906,661
Zakat provision	(20)	3,456,058	2,091,658
Total current liabilities		73,595,262	56,368,024
Total liabilities		79,018,390	60,556,609
Total shareholders equity and liabilities		188,777,516	132,177,633

The financial statements appearing have been approved by the board of directors 21 March 2024 and signed on their behalf by:



Eyad Nimran Musbah Alramlawi
Chief investment and financial officer



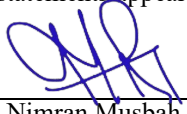
Abdullah bin Anwar bin Mohammad Yousef Andijani
Managing Director – Chief executive officer

The accompanying notes (1) to (32) form an integral part of these consolidated financial statements.

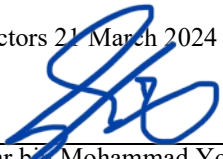
TAM DEVELOPMENT COMPANY
(A Saudi Joint Stock Company)
Consolidated statement of profit or loss and other comprehensive income
For the year ended 31 December 2023
(Saudi Riyal)

	Note	31 December 2023	31 December 2022 (Restated- Notes 29)
Revenue	(21)	188,403,128	147,073,483
Cost of revenue	(22)	<u>(98,641,100)</u>	<u>(92,249,074)</u>
Gross profit		89,762,028	54,824,409
General and administrative expenses	(23)	(43,495,474)	(24,878,033)
Impairment (loss) / reversal of trade receivables	(8)	(371,183)	141,516
Impairment loss of other current assets	(9)	(375,750)	-
Impairment loss of contract assets	(10)	(2,214,677)	(36,844)
Other income		<u>833,577</u>	-
Operating profit		44,138,521	30,051,048
Finance income		503,466	103,819
Finance costs		<u>(549,868)</u>	<u>(135,273)</u>
Net profit for the year before Zakat		44,092,119	30,019,594
Zakat	(20)	<u>(3,490,158)</u>	<u>(2,091,658)</u>
Net profit for the year		40,601,961	27,927,936
Other comprehensive income			
<u>Item that will not be reclassified to profit or loss</u>			
Actuarial gains from re-measurement of employees' end of service benefits	(15)	<u>90,793</u>	<u>467,694</u>
Total other comprehensive income		90,793	467,694
Total comprehensive income		40,692,754	28,395,630
Earnings per share - (Restated- Notes 29):			
Basic and diluted earnings per share	(25)	<u><u>12.33</u></u>	<u><u>7.80</u></u>

The financial statements appearing have been approved by the board of directors 21 March 2024 and signed on their behalf by:



Eyad Nimran Musbah Alramlawi
Chief investment and financial officer



Abdullah bin Anwar bin Mohammad Yousef Andijani
Managing Director – Chief executive officer

The accompanying notes (1) to (32) form an integral part of these consolidated financial statements.

TAM DEVELOPMENT COMPANY

(A Saudi Joint Stock Company)

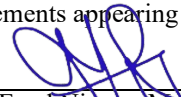
Consolidated statement of changes in shareholders equity

For the year ended 31 December 2023

(Saudi Riyal)

	Share capital	Statutory reserve	Treasury shares	Other reserve	Additional shareholders contribution	Retained earnings	Total equity
Balance as at 1 January 2023	36,599,970	6,320,238	(3,659,970)	3,078,000	3,659,970	25,622,816	71,621,024
Net profit for the year	-	-	-	-	-	40,601,961	40,601,961
Other comprehensive income for the year	-	-	-	-	-	90,793	90,793
Total comprehensive income for the year	-	-	-	-	-	40,692,754	40,692,754
Dividends (Note 14)	-	-	-	-	-	(2,799,900)	(2,799,900)
Additional shareholders contribution	-	-	-	-	245,248	-	245,248
Balance as at 31 December 2023	36,599,970	6,320,238	(3,659,970)	3,078,000	3,905,218	63,515,670	109,759,126
Balance as at 1 January 2022	36,599,970	3,480,675	-	-	-	4,757,512	44,838,157
Net profit for the year	-	-	-	-	-	27,927,936	27,927,936
Other comprehensive income for the year	-	-	-	-	-	467,694	467,694
Total comprehensive income for the year	-	-	-	-	-	28,395,630	28,395,630
Dividends (Note 14)	-	-	-	-	-	(1,612,763)	(1,612,763)
Treasury shares (Restated- note 29)	-	-	(3,659,970)	-	-	-	(3,659,970)
Additional shareholders contribution (Restated- note 29)	-	-	-	-	3,659,970	-	3,659,970
Transferred to other reserve	-	-	-	3,078,000	-	(3,078,000)	-
Transferred to statutory reserve	-	2,839,563	-	-	-	(2,839,563)	-
Balance as at 31 December 2022 (Restated- Note 29)	36,599,970	6,320,238	(3,659,970)	3,078,000	3,659,970	25,622,816	71,621,024

The financial statements appearing have been approved by the board of directors 21 March 2024 and signed on their behalf by:


 Eyad Nimran Musbah Alramlawi
 Chief investment and financial officer

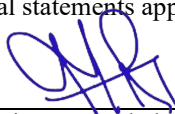

 Abdullah bin Anwar bin Mohammad Yousef Andijani
 Managing Director – Chief executive officer

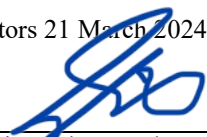
The accompanying notes (1) to (32) form an integral part of these consolidated financial statements.

TAM DEVELOPMENT COMPANY
(A Saudi Joint Stock Company)
Consolidated statement of cash flows
For the year ended 31 December 2023
(Saudi Riyal)

	31 December 2023	31 December 2022
Cash flows from operating activities:		
Net profit for the year before Zakat	44,092,119	30,019,594
Adjustments to reconcile net profit for the year to cash flows generated from operating activities:		
Depreciation of Property and Equipment	1,122,060	287,193
Amortization of intangible assets	2,308,482	1,816,178
Impairment loss /(reversal) of trade receivables	371,183	(141,516)
Impairment loss of other current assets	375,750	-
Impairment loss of contract assets	2,214,677	36,844
Employees' benefits obligations	1,640,576	1,371,431
Depreciation on right-of-use assets	876,050	564,706
Finance cost	287,098	135,273
Finance income	(503,466)	(103,819)
	52,784,529	33,985,884
Change in operating assets and liabilities:		
Trade receivables	(50,334,487)	(1,330,656)
Other current assets	2,718,740	5,355,977
Contract assets	(16,170,038)	(20,998,372)
Trade payables and other current liabilities	3,977,535	3,674,561
Contract liabilities	15,640,137	16,827,130
Employees' benefits paid	(557,317)	(451,248)
Zakat paid	(2,125,758)	(1,311,748)
Net cash flows generated from operating activities	5,933,341	35,751,528
Cash flows from investing activities		
Payments to purchase property and equipment	(1,023,563)	(1,350,387)
Payments to purchase and develop intangible assets	(7,960,401)	(2,260,460)
Bank deposits	(6,000,000)	(5,000,000)
Finance income	384,616	74,111
Net cash flows used in investing activities	(14,599,348)	(8,536,736)
Cash flows from financing activities		
Payments of Credit facilities	(2,848,643)	(1,393,822)
Additional shareholders contribution	245,248	-
Dividends paid	(2,799,430)	(1,612,763)
Payment of lease liabilities	(951,682)	(1,010,482)
Net cash flows used in financing activities	(6,354,507)	(4,017,067)
Net change in cash and cash equivalents	(15,020,514)	23,197,725
Cash and cash equivalents at the beginning of the year	61,387,845	38,190,120
Cash and cash equivalents at the end of the year	46,367,331	61,387,845
Non-cash transactions		
Transferred to other reserve	-	3,078,000
Transferred to statutory reserve	-	2,839,563
Actuarial (gains) from re-measurement of employees' end of service benefits	(90,793)	(467,694)
Transferred from intangible assets under construction to intangible assets	7,032,058	-
Right-of-use assets and lease liabilities	-	(1,825,105)

The financial statements appearing have been approved by the board of directors 21 March 2024 and signed on their behalf by:


Eyad Nimran Musbah Alramlawi
Chief investment and financial officer


Abdullah bin Anwar bin Mohammad Yousef Andijani
Managing Director – Chief executive officer

The accompanying notes (1) to (32) form an integral part of these consolidated financial statements.

TAM DEVELOPMENT COMPANY
(A Saudi Joint Stock Company)
Notes to the consolidated financial statements
For the year ended 31 December 2023
(Saudi Riyal)

1. REPORTING ENTITY

Tam Development Company (A Saudi Joint Stock Company) (“Company” or “Parent Company”) was established under commercial registration no. 4030225576 dated 25 March 2012 (corresponding to 2 Jumada I 1433H) in the city of Jeddah. The Company’s head office has been transferred from Jeddah to Riyadh under commercial registration no. 1010524000 issued on 13 February 2019 (corresponding to 7 Jumada’ II 1440) in Riyadh.

Based on the Ordinary General Assembly meeting held on 28 April 2021 (Corresponding to 16 Ramadan 1442H), the Company decided to change its legal form from A Limited Liability Company (‘LLC’) to A Closed Joint Stock Company (‘CJSC’), and the Company’s Commercial Registration was amended to be A Closed Joint Stock Company on 9 December 2021 (corresponding to 5 Jumada’ I 1443H).

Based on the Extraordinary General Assembly meeting held on 27 August 2023 (Corresponding to 11 Safar 1445H), the Company decided to change its legal form from A Closed Joint Stock Company (‘CJSC’) to A Saudi Joint Stock Company, and the Company’s Commercial Registration was amended to be A Saudi Joint Stock Company on 23 October 2023 (corresponding to 8 Rabe’ I I 1445H).

The parent company obtained the approval to register and offer its shares in the parallel market "Nomu" based on the decision of the Board of the Capital Market Authority on December 28, 2022, corresponding to 4 Jumada II 1444H, and the company was listed in the parallel market "Nomu" on 14 June 2023 corresponding to 25 Dhu al-Qa'dah 1444 H.

The Parent Company is principally engaged in the activities of advertising, public relations, communications, activities of business incubator and accelerator, marketing services for third parties, market research, opinion polls, and management consulting services under the licenses as follows:

<u>License No.</u>	<u>License No.</u>	<u>License commencement date</u>	<u>License expiry date</u>
Media	75841	12 April 2021 Corresponding to 29 Sha’ban 1442H	10 March 2024 Corresponding to 29 Sha’ban 1445H
Public relations and communications	80531	20 December 2021 Corresponding to 15 Jumada I 1443H	17 November 2024 Corresponding to 15 Jumada I 1446H
Business Incubator License	756	21 February 2024 Corresponding to 11 Sha’ban 1445H	7 December 2024 Corresponding to 6 Jumada I I 1446H

The Parent Company has the following branches:

<u>City</u>	<u>CR No.</u>	<u>Issue date</u>
Jeddah	4030225576	14 April 2014 (corresponding to 22 Jumada I 1433H)
Dammam	2050106223	13 February 2019 (corresponding to 7 Jumada II 1440H)

The Parent Company’s Head Office is located at the following address:
Riyadh - Al Muhammadiyah District - King Fahed Road - Building No. 8428 - postal Code 12363- Ext No. 4250
Kingdom of Saudi Arabia

The consolidated financial statements include the separate financial statements of the Parent Company and its subsidiary, the Company holds 100% of the capital of the Subsidiary (collectively referred to as the “Group”):

TAM DEVELOPMENT COMPANY
(A Saudi Joint Stock Company)
Notes to the consolidated financial statements
For the year ended 31 December 2023
(Saudi Riyal)

1. REPORTING ENTITY (CONTINUED)

Subsidiary	Country of Incorporation	% of ownership	
		31 December 2023	31 December 2022
Society Experts Limited Company	Kingdom of Saudi Arabia	100	100

Society Experts Limited Company A limited liability Company (single-shareholder) (“the Subsidiary”) was registered under commercial registration issued in Jeddah, and Company’s Headquarter has been transferred from Jeddah to Riyadh on 20 October 2021 (corresponding to 14 Rabi’ I 1443H):

<u>City</u>	<u>CR No.</u>	<u>Issue date</u>
Riyadh	1010749399	04 October 2021 (corresponding to 27 Safar 1443H)
Jeddah	4030593075	21 August 2017 (corresponding to 29 Dhul Qadah 1438H)
Riyadh	1010769438	02 January 2022 (corresponding to 29 Jumada al-Ula 1443H)

The Subsidiary is principally engaged in advisory services, top management, marketing services for third parties, market research, opinion polls and Design and programming of special software and application development.

2. BASIS OF PREPARATION

2-1 Statement of compliance

These consolidated financial statements have been prepared accordance with International Financial Reporting Standards as issued by the International Accounting Standards Board (IFRS Accounting Standards) that are endorsed in the Kingdom of Saudi Arabia and other standards and pronouncements issued by the Saudi Organization for Chartered and Professional Accountants (SOCPA).

2-2 Basis of measurement

The consolidated financial statements have been prepared on historical cost convention, unless otherwise stated, using the accruals basis of accounting and the going concern concept.

2-3 Functional and presentation currency

The consolidated financial statements of the Company are presented in Saudi Riyals (SR) which is the Group’s functional and presentation currency.

2-4 New standards, amendments and interpretations

New effective standards or amendments

The following are the standards, interpretations or amendments that are effective from the current year and are adopted by the Group, however, these does not have any significant impact on the consolidated financial statements.

<u>Standard, interpretation, amendments</u>	<u>Description</u>	<u>Mandatory effective date</u>
Amendments of IAS 1 and IFRS Practice Statement (2)	The amendments are intended to help entities make more detailed disclosures of accounting policies.	Annual periods beginning on or after 1 January 2023
Amendments to IAS (8)	The amendments are intended to improve accounting policy disclosures and help users of financial statements distinguish between changes in accounting estimates and changes in accounting policies.	Annual periods beginning on or after 1 January 2023
Amendment to International Accounting Standard (12) Deferred tax on assets and liabilities arising from a single transaction.	These amendments require companies to recognize deferred tax on transactions that at initial recognition result in equal amounts of taxable and deductible temporary differences	Annual periods beginning on or after 1 January 2023

2. BASIS OF PREPARATION (CONTINUED)

2-4 New standards, amendments and interpretations (continued)

Standards Issued but not yet effective.

The following standards, amendments and interpretations will become effective on or after 1 January 2024. The management has opted not to early adopt these pronouncements and they do not have a material effect on the on the consolidated financial statements .

Standard, interpretation, amendments	Description	Mandatory effective date
Amendments to IFRS 16 Lease liabilities in sale and leaseback transactions.	These amendments include requirements for sale and leaseback transactions in IFRS 16 to clarify how companies are accounted for sale and leaseback transactions after the transaction date. Sale and leaseback transactions in which some or all lease payments are considered as variable lease payments depend on the indicator or price that is likely to be affected.	Periods starting on or after 1 January 2024
Amendments on IAS (1) Non-current liabilities with classification of liabilities as current or non-current	These amendments illustrate how compliance with the conditions that entities must comply with within twelve months after the reporting period affects the classification of liabilities. These amendments are also intended to improve the information provided by companies regarding liabilities subject to these conditions.	Periods starting on or after 1 January 2024
Amendments to IAS (7) and IFRS (7)	Supplier Financing Arrangements	Periods starting on or after 1 January 2024
Amendments to IAS (27)	Non-transferability	Periods starting on or after 1 January 2024
IFRS 1 "General requirements for the disclosure of financial information related to sustainability."	This standard includes the basic framework for the disclosure of material information about sustainability risks and opportunities across the company value chain.	Periods starting on or after 1 January 2024
International Financial Reporting Standard (Sustainability 2) "Climate-Related Disclosures"	This is the first objective standard issued that defines requirements for enterprises to disclose information about climate-related risks and opportunities.	Periods starting on or after 1 January 2024

2-5 Material accounting judgments, estimates and assumptions.

The preparation of the consolidated financial statements requires management to make judgment, estimates and assumptions that affect the reported amounts of assets, liabilities, income and expenses. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the result of which form the basis of making the judgments about the carrying amounts of assets and liabilities that are not readily apparent from other sources. Actual results may differ from those on which the estimates were based.

2. BASIS OF PREPARATION (CONTINUED)

2-5 Material accounting judgments, estimates and assumptions (continued)

The estimates and underlying assumptions have been reviewed on an ongoing basis and adjustments to accounting estimates are recognized in the period in which the estimates are revised if the adjustment affects only that period, or in the period of the adjustment and future periods if the adjustment affects both current and future periods.

The Group bases its assumptions and estimates on information available when preparing the consolidated financial statements. The assumptions and current conditions of future developments may change due to market changes or circumstances arising beyond the control of the Group. Such changes are reflected in assumptions when they occur.

Provision for expected credit loss (ECLs) on trade receivable and contract assets

The Group uses a model in estimating lifetime ECLs that have not been credit-impaired or credit-impaired based on a change in the credit risk associated with the financial instrument.

Trade receivables and contract assets are combined based on the common credit risk characteristics and the days in which they are due to measure the ECLs. The historical loss rates are adjusted to reflect current and forward-looking information on macroeconomic activity indicators affecting the ability of the customers to settle the receivables.

Cost to complete the project.

As part of application of percentage of completion method on contracts accounting, the cost to complete the projects is estimated. These estimates include (amongst other items) the project cost, which is estimated by the Group's management based on the project's requirements. Such estimates are reviewed at regular intervals. Any subsequent changes in the estimated cost to complete may affect the results of the subsequent periods.

Useful lives of Property and equipment

The Group's management determines the estimated useful lives of its property and equipment for calculating depreciation. This estimate is determined after considering the expected usage of the asset or physical wear and tear. The management believes that the residual value may not result in significant change to depreciation cost and carrying amount of the assets. Accordingly, the residual value is assumed to be zero. Management also believes that the straight-line depreciation reflects the pattern of consumption of economic benefits. Management reviews the residual value and useful lives annually and future depreciation charge would be adjusted where the management believes the useful lives and residual values differ from previous estimates.

Useful life of intangible assets

The management determines the estimated useful life of intangible assets with finite useful life for calculating amortization. This estimate is determined after considering the expected usage of the assets or any technical obsolescence. Management believes that the straight-line amortization reflects the pattern of consumption of economic benefits. The management reviews the useful life of intangible assets annually and future amortization cost is adjusted where management believes the useful life differs from previous estimates.

3. MATAERIAL ACCOUNTING POLICES

The accounting policies below have been consistently applied to all periods presented in the consolidated financial statements, except as explained in note (2-4). In addition, the Company adopted the disclosure of accounting policies (amendments to IAS 1 and IFRS 2 to prepare financial reports) effective from January 1, 2023. The amendments require disclosure of material accounting policies rather than significant accounting policies. Although the amendments did not result in any changes in accounting policy, however, the accounting policy information were affected as per disclosed in some cases.

a) Basis of consolidation

a.1 Business combinations

The Group accounts for business combinations using the acquisition method when control is transferred to the Group. The consideration transferred at the acquisition is generally measured at fair value of the identifiable net assets acquired. Any goodwill that arises is tested annually for impairment. Any gain on a bargain purchase is recognized in profit or loss immediately. Transaction costs are considered to be expenses when incurred, except if related to the issue of debt instruments or equity.

The consideration transferred does not include amounts related to the settlement of pre-existing relationships. Such amounts are generally recognized in profit or loss.

Any contingent consideration is measured at fair value at the date of acquisition. If an obligation to pay contingent consideration that meets the definition of a financial instrument is classified as equity, then it will not be remeasured, and the settlement is accounted for within equity. Otherwise, the contingent consideration is remeasured at fair value at each reporting date and subsequent changes in the fair value of the contingent consideration are recognized in profit or loss.

a.2 Subsidiaries

Subsidiaries are entities controlled by the Group. The Group controls an entity when it is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. The financial statements of subsidiaries are included in the consolidated financial statements from the date that control commences until the date that control ceases.

a.3 Non-controlling interests

NCIs are initially measured at their proportionate share of the acquiree's identifiable net assets at the date of acquisition. Changes in the Group's interest in the subsidiary that do not result in a loss of control are accounted for as equity transactions.

a.4 Loss of control

When the Group loses control over a subsidiary, it derecognizes the assets and liabilities of the subsidiary, and any related NCI and other components of equity and any gain or loss is recognized in the statement of profit or loss. Any interest retained in the former subsidiary is measured at fair value when control is lost.

Unrealized gain or losses, Transactions, and balances are eliminated from transactions between the group company. The accounting policies of the subsidiary are changed as necessary to ensure that they are consistent with the policies followed by the Group.

These consolidated financial statements have been prepared for TAM Development Company and its subsidiary, Society Experts Limited Company, and the parent company owns 100% of the shares of the subsidiary.

3. MATERIAL ACCOUNTING POLICES (CONTINUED)

b) Property and equipment

Property and equipment are stated at cost less accumulated depreciation and accumulated impairment losses, if any. This cost includes the cost of replacing part of property and equipment and borrowing costs relating to long-term construction projects if the recognition criteria are met. If replacement of important parts of equipment is required in stages, the Group depreciate these parts separately over their useful lives. Likewise, when a major test is performed, its cost is recognized in the carrying amount of property and equipment as a replacement, if its recognition criteria are met. All other repair and maintenance costs are recognized in the statement of profit or loss and other comprehensive income as incurred.

Depreciation is charged on a straight-line basis over the estimated useful lives of property and equipment, as follows:

Property and equipment	Depreciation percentages
Furniture and fixtures	10%
Tools and equipment	25%
Computers	25%
Office renovations	20% or period of the contract, whichever is shorter

Any item of property and equipment and any significant part that was initially recognized are derecognized upon disposal or when no future benefits are expected from use or disposal. Any gain or loss arising on derecognition of any asset (calculated as the difference between the net disposal proceeds and carrying amount of the asset) is recognized in the statement of profit or loss and other comprehensive income in the period in which the asset is derecognized.

The residual value, useful lives and depreciation methods of property and equipment are reviewed at the end of each financial year and adjustments are made prospectively, if necessary.

c) Intangible assets

Intangible assets acquired separately are measured on initial recognition at cost. Following initial recognition, intangible assets are carried at cost less any accumulated amortization and any accumulated impairment losses. Internally generated intangible assets, excluding capitalized development costs, are not capitalized and expenditure is reflected in the consolidated statement of profit or loss in the period in which the expenditure is incurred.

Subsequent expenditure is capitalized only when it increases the future economic benefits embodied in the specific asset to which it relates. All other expenditures are recognized in the consolidated statement of profit or loss as incurred.

- Any gain or loss arising on derecognition of the intangible assets is measured as a difference between the net disposal proceeds and the carrying amount of the assets and is recognized in the statement of profit or loss and other comprehensive income when the asset is derecognized. Intangible assets consist of websites and electronic applications, and computer software which are amortized over the estimated useful lives.
- Capital works in progress is stated at cost less any impairment loss, if any and not amortized. Amortization on capital works in progress commences when the assets are ready for their intended use,
- The amortization is charged to the statement of profit or loss and other comprehensive income using the straight-line method in order to allocate costs to the respective assets.

3. MATERIAL ACCOUNTING POLICIES (CONTINUED)

c) Intangible assets (continued)

Amortization is charged on a straight-line basis over the estimated useful lives of intangible assets, as follows:

<u>Intangible assets</u>	<u>Amortization percentages</u>
Electronic applications	20-33%
Computer software	25%
Website	20%

d) Leases

Determining whether an arrangement contains a lease or not depends on the core of the arrangement at its inception date. The arrangement is assessed for whether fulfilment of the arrangement is dependent on the use of a specific asset or assets, or the arrangement conveys a right to use the asset or assets, even if that right is not explicitly specified in an arrangement.

Group as a lessee

At the commencement date, the Group shall assess whether a contract is, or contains, a lease. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period in exchange for a consideration. To assess whether a contract conveys the right to control the use of an identified asset for a period, the Group shall assess whether, throughout the period of use, the customer has both of the following:

- a. The right to obtain substantially all the economic benefits from use of the identified asset.
- b. The right to direct control over the use of the specified asset.

The Group shall recognize a right-of-use asset at the commencement date (i.e., the date on which the underlying asset is available for use) and a lease liability at the commencement date. The right-of-use asset is initially measured at cost less accumulated depreciation.

The cost of right-of-use asset includes the initial amount of a lease liability adjusted by lease payments made on or before the commencement date, and any initial direct costs incurred and an estimate of costs to be incurred by the lessee in decommissioning and removing the underlying asset, restoring the site on which it is located or restoring the underlying asset to the condition required by the terms and conditions of the lease, less any lease incentives received. The estimated useful life for right-of-use asset based on the lease term.

At the commencement date, a lessee shall measure the lease liability at the present value of the lease payments that are not paid at that date. The Group shall discount lease payments using the interest rate implicit in the lease, if that rate can be readily determined. If that rate cannot be easily determined, the Group should use the incremental borrowing rate.

After the commencement date, a lessee shall measure the lease liability by:

- A. Increase the carrying amount to reflect the interest rate on the lease liabilities.
- B. Reduce the carrying amount to reflect the lease payments made; and
- C. Remeasure the carrying amount to reflect any reassessment or lease modifications, or to reflect revised in-substance fixed lease payments that are remeasured when there is a change in future lease payments arising from a change in index or a rate, or if there was a change in the Group's estimate of the amount expected to be payable by the lessee under residual value guarantees, or if the Group changed its assessment whether if it will choose the purchase, extension or termination.

3. MATERIAL ACCOUNTING POLICIES (CONTINUED)

d) Leases (continued)

Group as a lessee (continued)

Any remeasurement is settled in the lease liability against the carrying amount of right-of-use asset or charged to the statement of income if the carrying amount of the related asset is Zero.

Short-term leases

The Group elected not to recognize right-of-use assets and lease liabilities for the short-term leases for which their terms are 12 months or less. The Group recognizes lease payments associated with those leases as expenses on a straight-line basis over the lease term.

Extension options

In case of leases that provide extension options, the Group assesses whether if it is reasonably certain, at commencement date, that the extension options will be exercised. The Group reassesses whether it is reasonably certain to exercise the options if there was a significant event or major change in the circumstances that fall under its control.

e) Financial instruments

Classification and measurement of financial assets and financial liabilities

On initial recognition, a financial asset is classified as measured at: amortized cost; FVOCI – debt investments; FVOCI – equity investments; or FVTPL.

A financial asset is measured at amortized cost if it meets both of the following conditions and is not classified at fair value through profit or loss.

- It is held within a business model whose objective is to hold assets to collect contractual cash flows; and
- Its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

A debt instrument is measured at FVOCI only if it meets both of the following conditions and is not designated as at FVTPL:

- It is held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets; and
- Its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

On initial recognition of investments in equity instruments that are not held for trading, the Company may irrevocably elect to present subsequent changes in the investment's fair value in OCI. This election is made on an investment-by-investment basis.

All financial assets not classified as measured at amortized cost or FVOCI as described above are measured at FVTPL. This includes all derivative financial assets. On initial recognition, the Group may irrevocably designate a financial asset that otherwise meets the requirements to be measured at amortized cost or at FVOCI as at FVTPL if doing so eliminates or significantly reduces an accounting mismatch that would otherwise arise.

The financial assets (unless they are receivables without a significant financing component that is initially measured at the transaction price) are initially measured at fair value, for an item not at FVTPL, plus transaction costs that are directly attributable to their acquisition.

3- MATERAIL ACCOUNTING POLICIES (CONTINUED)

f) Financial instruments (continued)

The following accounting policies apply to the subsequent measurement of financial assets.

Financial assets at FVTPL	These assets are subsequently measured at fair value. Net gains and losses, including any interest or dividend income, are recognized in profit or loss.
Financial assets at amortized cost	These assets are subsequently measured at amortized cost using the effective interest method. Amortized cost is reduced by impairment losses. Interest income, foreign exchange gains and losses and impairment are recognized in profit or loss. Any gain or loss on derecognition is recognized in profit or loss.
Investments in debt instruments at FVOCI	These assets are subsequently measured at fair value. Interest income calculated using the effective interest method, foreign exchange gains and losses and impairment are recognized in profit or loss. Other net gains and losses are recognized in OCI. On derecognition, gains and losses accumulated in OCI are reclassified to profit or loss.
Equity investments at FVOCI	These assets are subsequently measured at fair value. Dividends are recognized as income in profit or loss unless the dividend clearly represents a recovery of part of the cost of the investment. Other net gains and losses are recognized in OCI and are never reclassified to profit or loss.

Impairment of financial assets

The financial assets recognized at amortized cost consist of trade receivables, cash and cash equivalents, deposits with financial institutions and other receivables.

Loss provisions are measured on the bases of ECLs over lifetime of a financial instrument: these are ECLs that result from all possible default events over the expected life of a financial instrument.

The Group measures loss allowances at an amount equal to lifetime ECLs.

When determining whether the credit risk of a financial asset has increased significantly since initial recognition and when estimating ECLs, the group considers reasonable and supportable information that is relevant and available without undue cost or effort.

This includes both quantitative and qualitative information and analysis, based on the Company's historical experience and informed credit assessment and including forward-looking information.

Measurement of ECLs

ECLs are a probability-weighted estimate of credit losses. Credit losses are measured as the present value of all value shortfalls (i.e. the difference between the cash flows due to the entity in accordance with the contract and the cash flows that the Group expects to receive). ECLs are discounted at the effective interest rate of the financial asset.

For trade receivables and contract assets, the Group applies the simplified approach to estimate ECLs.

3. MATERAIL ACCOUNTING POLICIES (CONTINUED)

n) Financial instruments (continued):

Presentation of impairment

Impaired financial assets

At each reporting date, the Group assesses whether financial assets carried at amortized cost and debt securities at FVOCI are impaired. A financial asset is impaired when one or more events that have a detrimental impact on the estimated future cash flows of the financial asset have occurred.

Loss provisions for financial assets are deducted from the gross carrying amount of the assets.

Impairment losses related to trade receivables, if any, are presented in the consolidated statement of profit or loss under a separate item.

Financial liabilities

Financial liabilities are classified as measured at amortized cost or FVTPL. Financial liabilities are classified as at FVTPL if it is classified as held-for-trading, it is a derivative or it is designated as such on initial recognition. Financial liabilities at FVTPL are measured at fair value and net gains and losses, including any interest expense, are recognized in profit or loss. Other financial liabilities are subsequently measured at amortized cost using the effective interest rate method. Interest expense and foreign exchange gains and losses are recognized in profit or loss. Any gains or losses on derecognition are also recognized in profit or loss.

Derecognition

Financial assets

A financial asset (or part of a group of similar financial assets) is disposed mainly (i.e. disposed from the statement of financial position) in the following cases:

- When the contractual rights to the cash flows from the financial asset expire;
- The Group has transferred its rights to receive cash flows from the asset or assumed an obligation to pay cash flows received in full without delay to a third party under a "pass" arrangement; (a) substantially transferred all the risks and rewards of the asset; or (b) transferred control over the asset and the Group has neither transferred nor retained substantially the risks and rewards of the financial asset.

Financial liabilities

The Group derecognizes financial liabilities when its contractual obligations are discharged, cancelled or expired. The Group also derecognizes financial liabilities when the terms and cash flows of the modified obligation are substantially modified, in which case a new financial liability is recognized based on the modified terms at fair value.

On disposal of a financial liability, the difference between the amortized carrying amount and the amount paid (including any non-cash assets transferred or charged liabilities) is recognized in the consolidated statement of profit or loss.

The Group has no debt investments at FVOCI or equity investments at FVOCI.

3. MATERAIL ACCOUNTING POLICES (CONTINUED)

o) Impairment of non-financial assets

At each reporting date, the Group reviews the carrying amounts of its assets to assess whether there is an indication that those assets may be impaired. If any such indication exists, the Group makes an estimate of the asset's recoverable amount. An asset's recoverable amount is the higher of an asset's fair value less costs to sell and its value in use. The recoverable value of an individual asset is determined only if the asset does not produce cash inflows that are largely independent of those other assets or group of assets. When the carrying amount of an asset or unit generating cash exceeds its recoverable value, the asset is considered low and reduced to its recoverable value.

When valuing the value in use, estimated future cash flows are discounted to their present value using the pre-tax discount rate that reflects current market valuations of the time value of money and the specific risk of the asset. Taking into consideration when determining fair value minus elimination costs recent market transactions. In case that such transactions cannot be identified, the appropriate valuation form is used, the goodwill is tested annually for impairment and no impairment losses are not reversed.

The group bases its calculation of impairment on detailed budgets and operating plans that are prepared separately for each of the cash-generating units of the group on which the individual assets are distributed. These budgets and operational plans generally cover a five-year period. The long-term growth rate is calculated and applied to the project's future cash flows after the fifth year.

Losses on impairment of continuing operations are recognized in the profit or loss statement in expense category that are consistent with the function of the impaired asset.

For assets excluding goodwill, an assessment is performed on the date of each report to determine whether it is an indication that previously recognized impairment losses no longer exist or have decreased. When such an indicator exists, the group estimates the recoverable value of the asset or unit generating cash. Impairment losses are reimbursed so that the carrying amount of the asset does not exceed its recoverable value and does not exceed the carrying amount that would have been determined in net depreciation in case that the impairment loss in previous years is not recognized. The reversal of the amount will be recognized in the consolidated statement of profit or loss.

p) Cash and cash equivalents

Cash and cash equivalents comprise cash in hand, cash at banks in current accounts and other short-term liquid investments with original maturities of three month or less, if any, which are available to the Company without any restrictions.

q) Foreign currencies transactions

Transactions denominated in foreign currencies are translated to Saudi Riyals at the exchange rates ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies at the financial position date are translated to Saudi Riyals at the foreign exchange rate ruling at that date. Gains or losses arising on exchanges are recognized in the consolidated statement of profit or loss currently.

r) Employees' benefits

Short-term benefits

Short-term employee's benefits are expensed as the related service is provided. A liability is recognized for the amount expected to be paid if the Group has a present legal or constructive obligation to pay this amount as a result of past service provided by the employee and the obligation can be estimated reliably.

3. MATERAIL ACCOUNTING POLICES (CONTINUED)

r) Employees' benefits(continued)

Post-employment benefits

The Group operates a defined benefit plan for its employees in accordance with Saudi Labor and Workman Law as defined by the conditions set out in the laws of the Kingdom of Saudi Arabia. The cost of providing the benefits under the defined benefit plan is determined using the projected unit credit method. Employees' benefits obligation plans are not funded. Accordingly, valuations of the obligations under those plans are carried out by an independent actuary based on the projected unit credit method and the liability is recorded based on an actuarial valuation.

The liability recognized in the consolidated statement of financial position in respect of defined benefit pension plans is the present value of the defined benefit obligation at the end of the reporting period. The defined benefit obligation is calculated annually by independent actuaries using the projected unit credit method.

The present value of the defined benefit obligation is determined by discounting the estimated future cash outflows using interest rates of high-quality government bonds that are denominated in the currency in which the benefits will be paid, and that have terms to maturity approximating to the terms of the related pension obligation. Past-service costs are recognized immediately in the consolidated statement of profit or loss and other comprehensive income.

The interest cost is calculated by applying the discount rate to the balance of the defined benefits obligations. This cost is included in employee benefit expense in the consolidated statement of income. Actuarial gains and losses arising from experience adjustments and changes in actuarial assumptions are charged or credited in other comprehensive income in the period in which they arise.

s) Treasury shares

The repurchased shares (treasury shares) are recognized at cost and are included as a discount from shareholders' equity, no profit or loss is recognized in the consolidated profit or loss statement when buying, selling, issuing, or cancelling these shares with proof of any differences between the book value of these shares and compensation in the event of reissuance within another reserve item in shareholders' equity.

t) Statutory reserve

In accordance with the Saudi Arabian Regulations for Companies and the Company's bylaws, 10% of the profit for the year is required to be transferred to statutory reserve. The Company may resolve to discontinue such transfers when the reserve totals 30% of the share capital. This reserve is not available for distribution as dividends. Subsequently, the by-laws were amended in accordance with the new Companies Law issued by Royal Decree M/132 on 1/12/1443H (corresponding to June 30, 2022) and will be implemented on 26/6/1444H (corresponding to January 19, 2023). Accordingly, no amounts were transferred during the current year.

u) Other reserve

In accordance with the Saudi Arabian Regulations for Companies and the Company's bylaws, the Company may create other reserves after Ordinary General Assembly approval.

v) Provisions

Provisions are recognized when the Group has a present obligation 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.

3. MATERIAL ACCOUNTING POLICES (CONTINUED)

v) Provisions (continued)

The amount recognized as a provision is the best estimate for the consideration required to settle the present obligation at the end of reporting date taking into account risk and doubts specific to liability.

When the Group expects to pay some or all of the provisions (for example, insurance contracts, compensation terms or supplier guarantees), the payment is recognized as a separate asset. When payment is almost certain, expenses relating to provision are recognized in the consolidated statement of profit or loss, net of any compensation.

In case the effect of the time value of money is of relative importance, the provisions are determined by discounting estimated cash flows by pre-tax rate that reflects current market assessments for time value of money and risks related to the obligation. The unwinding of the discount is recognized as finance cost.

w) Revenue recognition

Revenue is measured at fair value of the consideration received or receivable. Revenue is reduced by expected returns from customers and other discounts.

The Group recognizes revenue under IFRS 15 using the following five steps model:

Step 1: Identify the contracts with a customer	A contract is defined as an agreement between two or more parties that creates enforceable rights and obligations and sets out the criteria for every contract that must be met.
Step 2: Identify the performance obligations	A performance obligation is a promise in a contract with a customer to transfer a good or service to the customer.
Step 3: Identify the transaction price	The transaction price is the amount of consideration to which the Group expects to be entitled in exchange for transferring promised goods or services to a customer, excluding amounts collected on behalf of third parties.
Step 4: Allocate the transaction price	For a contract that has more than one performance obligation, the Group allocates the transaction price to each performance obligation in an amount that depicts the amount of consideration to which the Group expects to be entitled in exchange for satisfying each performance obligation.
Step 5: Revenue recognition	The Group recognizes revenue when (or as) it satisfies a performance obligation by transferring a promised good or service to the customer under a contract.

Revenue is recognized only when the Group fulfills a performance obligation by transferring control of an agreed service to the Customer. It is possible to transfer control over time or at point in time. When a performance obligation is met within a period of time, the Group determines progress under the contract based on an input or output method that better measures performance completed to date. The specified method is applied consistently to similar performance obligations and in similar circumstances.

The Group believes that it fulfills performance obligations in its contracts with customers over time, and from It generates revenue when it fulfills its obligations under contracts with customers.

The Group generates the following revenue streams which are under IFRS 15 "Revenue from contracts with customers."

The Company satisfies a performance obligation and recognizes revenue over time, if one of the following criteria is met:

3. MATERIAL ACCOUNTING POLICES (CONTINUED)

w) Revenue recognition (continued)

The Company satisfies a performance obligation and recognizes revenue over time, if one of the following criteria is met:

- a) The Group's performance does not create an asset with an alternative use to the Company, and the Company has an enforceable right to payment for performance completed to date.
- b) The Group's performance creates or enhances an asset that the customer controls as the asset is created or enhanced.
- c) The customer simultaneously receives and consumes the benefits provided by the entity's performance as the Group performs.

For performance obligations, where one of the above conditions are not met, revenue is recognized at a point in time at which the performance obligation is satisfied.

The following is ways for revenues recognition for all types of services:

Consulting and Project Management Services: Revenue is recognized over a period of time.

Digital Solutions: Revenue is recognized over a period of time and at a point in time based on the nature of the performance obligation specified in the contract .

In the event that the Group fulfills the performance obligation by providing the services undertaken, this leads to the creation of an asset based on a contract against compensation earned from performance, and in the event that the compensation received from the Customer exceeds the amount of revenue that has been recognized, a contract obligation may arise.

x) Contract assets and contract liabilities

Total amounts due from customers for all contracts in progress in which the cost with the recognized profits or losses exceed advance billings are stated under current assets as "contract assets". Also, total amounts due to customers for all contracts in progress in which advance billings exceed costs incurred with recognized profits or losses are stated under current liabilities as "contract liabilities".

y) Expenses

All other expenses, excluding cost of revenue and financial charges, are classified as general and administrative expenses. Allocations of common expenses between cost of revenue and general and administrative expenses, when required, are made on a fixed basis.

Costs directly attributable to the acquisition, construction, or production of a specific asset that necessarily takes a period of time to prepare for use or sale as part of the asset's cost are capitalized. All other costs are expensed in the period they are incurred.

z) Zakat

Provision for Zakat is calculated at the date of the consolidated statement of financial position in accordance with regulations of the Zakat, Tax and Customs Authority in the Kingdom of Saudi Arabia ("ZATCA"). The resulting provision is recorded in the consolidated statement of profit or loss. Additional Zakat liability, if any, related to prior years' assessments arising from ZATCA are recognized in the period in which the final assessments are finalized.

3. MATERIAL ACCOUNTING POLICES (CONTINUED)

aa) Fair value measurement

Fair value is the price that would be received to sell an asset or paid to settle a liability in an orderly transaction between market participants at the measurement date. 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 appropriate market for the asset or liability.

The principal or the most appropriate 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.

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 utilize the asset in its highest and best use.

The Group uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximizing the use of relevant observable inputs and minimizing the use of unobservable inputs.

All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorized within the fair value hierarchy. This is disclosed as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

- Level 1: Quoted (unadjusted) prices in active markets for identical assets and liabilities can be obtained at the measurement date.
- Level 2: Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly observable (such as prices) or indirectly.
- Level 3: Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable (unobservable inputs).

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 reporting period. The Group has determined the policies and procedures for both recurring fair value measurement, and for non-recurring measurement.

At each reporting date, the Group analyzes the changes in the values of assets and liabilities which are required to be re-measured or re-assessed as per the Group's accounting policies. For this analysis, the Group verifies the major inputs applied in the latest valuation by agreeing the information in the valuation computation to contracts and other relevant documents. The Group also compares the change in the fair value for each asset and liability with relevant external sources to determine whether the change is reasonable. For the purpose of fair value disclosures, the Group has determined classes of assets and liabilities on the basis of the nature, characteristics and risks of the asset or liability and the level of the fair value hierarchy, as explained above.

3. MATERIAL ACCOUNTING POLICES (CONTINUED)

bb) Contingent liabilities

These are probable obligations arising from past events and whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Company, or present obligation not recorded because the need for flow of resources to settle the obligation is not probable. In case the amount of the obligation cannot be measured with sufficient reliability, this amount is not recognized as contingent liabilities but disclosed in the consolidated financial statements.

cc) Dividends

Dividends are recorded in the consolidated financial statements in the period approved by the Group's shareholders.

dd) Earnings per share

The Group presents basic earnings per share data for its ordinary shares. Basic EPS is calculated by dividing the profit or loss attributable to the ordinary shareholders of the Group by the weighted average number of the ordinary shares outstanding during the period. Diluted earnings per share is determined by adjusting the profit or loss attributable to ordinary shareholders and the weighted average number of ordinary shares outstanding, adjusted for own shares held, for the effects of all dilutive potential ordinary shares, which comprise convertible notes and share options granted to employees, if any.

ee) Reporting Segments

An operating segment is a part of the Group's business activities from which revenue can be recognized and expenses are incurred and includes income and expenses relating to transactions with any of the other components of the Company. All operational results of the operating segments are reviewed by the operating decision maker in the Group to make decisions about the resources to be allocated to the segment and to assess its performance, which have separate financial information.

ff) Classification of assets and liabilities as current and non-current

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

The assets are classified as current when they are:

- Expected to be realized or intended to be sold or consumed in the ordinary course of operation.
- If it is held primarily for trading purposes.
- Expected to be realized within twelve months after the reporting period.
- Cash or cash equivalent unless restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period.

The Group classifies all other assets as non-current assets.

The liabilities are classified as current when they are:

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

The Group classifies all liabilities as non-current liabilities.

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4. PROPERTY AND EQUIPMENT

	<u>Furniture and fixtures</u>	<u>Tools and equipment</u>	<u>Computers</u>	<u>Office renovations</u>	<u>Total</u>
<u>Cost</u>					
As at 1 January 2023	573,452	108,904	1,469,661	1,933,576	4,085,593
Additions	22,274	20,717	788,708	191,864	1,023,563
31 December 2023	595,726	129,621	2,258,369	2,125,440	5,109,156
<u>Accumulated depreciation</u>					
As at 1 January 2023	266,411	103,139	952,875	1,062,254	2,384,679
Charged for the year	96,383	2,463	257,360	765,854	1,122,060
31 December 2023	362,794	105,602	1,210,235	1,828,108	3,506,739
<u>Net carrying amount</u>					
31 December 2023	232,932	24,019	1,048,134	297,332	1,602,417
31 December 2022	307,041	5,765	516,786	871,322	1,700,914
	<u>Furniture and fixtures</u>	<u>Tools and equipment</u>	<u>Computers</u>	<u>Office renovations</u>	<u>Total</u>
<u>Cost</u>					
As at 1 January 2022	451,755	104,082	1,026,022	1,153,347	2,735,206
Additions	121,697	4,822	443,639	780,229	1,350,387
31 December 2022	573,452	108,904	1,469,661	1,933,576	4,085,593
<u>Accumulated depreciation</u>					
As at 1 January 2022	216,807	101,915	848,827	929,937	2,097,486
Charged for the year	49,604	1,224	104,048	132,317	287,193
31 December 2022	266,411	103,139	952,875	1,062,254	2,384,679
<u>Net carrying amount</u>					
31 December 2022	307,041	5,765	516,786	871,322	1,700,914
31 December 2021	234,948	2,167	177,195	223,410	637,720

Depreciation for the year has been allocated as follows:

	<u>2023</u>	<u>2022</u>
General and administrative expenses	<u>1,122,060</u>	<u>287,193</u>
	1,122,060	287,193

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5. INTANGIBLE ASSETS

Intangible assets represent website of the Company, websites, and electronic applications that are internally developed.

	<u>Computer software</u>	<u>Website</u>	<u>Electronic applications</u>	<u>Intangible assets under development</u>	<u>Total</u>
Cost:					
As at 1 January 2023	22,975	4,297,705	8,964,312	1,584,550	14,869,542
Additions	-	-	2,381,569	5,578,832	7,960,401
Transferred from under development to electronic applications	-	-	7,032,058	(7,032,058)	-
As at 31 December 2023	22,975	4,297,705	18,377,939	131,324	22,829,943
Accumulated amortization:					
As at 1 January 2023	22,975	4,189,499	6,383,727	-	10,596,201
Charged during the year	-	15,794	2,292,688	-	2,308,482
As at 31 December 2023	22,975	4,205,293	8,676,415	-	12,904,683
Net carrying amount:					
As at 31 December 2023	-	92,412	9,701,524	131,324	9,925,260
As at December 2022	-	108,206	2,580,585	1,584,550	4,273,341
	<u>Computer software</u>	<u>Website</u>	<u>Electronic applications</u>	<u>Intangible assets under development</u>	<u>Total</u>
Cost:					
As at 1 January 2022	22,975	4,184,892	8,401,215	-	12,609,082
Additions	-	112,813	563,097	1,584,550	2,260,460
As at 31 December 2022	22,975	4,297,705	8,964,312	1,584,550	14,869,542
Accumulated amortization:					
As at 1 January 2022	22,975	4,184,892	4,572,156	-	8,780,023
Charged during the year	-	4,607	1,811,571	-	1,816,178
As at 31 December 2022	22,975	4,189,499	6,383,727	-	10,596,201
Net carrying amount:					
As at 31 December 2022	-	108,206	2,580,585	1,584,550	4,273,341
As at 31 December 2021	-	-	3,829,059	-	3,829,059

The electronic applications represent digital products built internally specialized in constructing and designing digital platforms, collecting, and sorting data, and managing financial operations to assist in automating and managing projects.

Amortization for the year has been allocated as follows:

	<u>2023</u>	<u>2022</u>
Cost of revenue	2,292,688	1,811,571
General and administrative expenses	15,794	4,607
	<u>2,308,482</u>	<u>1,816,178</u>

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6. LEASES

6-1 Right-of-use assets

The right-of-use assets represent the value of lease agreements for offices in Riyadh and Jeddah cities.

	31 December 2023	31 December 2022
Balance as at 1 of January	1,373,014	112,615
Additions to right-of-use assets	-	1,825,105
Depreciation for the year	(876,050)	(564,706)
Balance as at 31 of December	496,964	1,373,014

6-2 Lease liabilities

The lease liabilities listed in the statement of financial position were as follows:

	31 December 2023	31 December 2022
Balance as at 1 of January	906,661	57,919
New lease agreements entered during the year	-	1,825,105
Payments during the year	(951,682)	(1,010,482)
Interest expense incurred during the year	45,021	34,119
Balance as at 31 of December	-	906,661
	31 December 2023	31 December 2022
Lease liabilities		
Current portion of lease liabilities	-	906,661
Total lease liabilities	-	906,661

The total interest expense on lease liabilities during the year ended 31 December 2023 is SR 45,021 (2022: SR 34,119).

7. BANK DEPOSITS

	31 December 2023	31 December 2022
Non-current bank deposit*	5,000,000	5,000,000
Current bank deposit	6,000,000	-
	11,000,000	5,000,000

* Represents a deposit with a local bank in exchange for obtaining banking facilities. The original maturity period is three years with a Murabaha rate from 2.9% to 3.3%, ending on April 21, 2025.

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8. TRADE RECEIVABLES

	31 December 2023	31 December 2022
Trade receivables*	67,028,767	16,961,520
Retention	454,723	187,483
Total trade receivables	67,483,490	17,149,003
Less: Allowance for impairment of trade receivables	(568,979)	(197,796)
Net trade receivables	66,914,511	16,951,207

*All trade receivables are inside the Kingdom of Saudi Arabia (KSA).

Movement in the allowance for impairment of trade receivables during the year:

	31 December 2023	31 December 2022
Balance as at 1 January	197,796	339,312
Allowance / (reversal) for impairment of trade receivables during the year	371,183	(141,516)
Balance as at 31 December	568,979	197,796

9. OTHER CURRENT ASSETS

	31 December 2023	31 December 2022
LG cover margin	6,347,054	11,253,889
Prepaid expenses	683,738	897,275
Employees receivables	77,959	79,642
VAT receivables	1,030,494	1,066,821
Advances to suppliers	945,213	487,444
Refundable deposits	911,248	150,694
Murabaha on accrued bank deposits	148,558	29,708
Advances for investment in companies	563,675	187,825
Other	982,000	136,531
Total other current assets.	11,689,939	14,289,829
Less: Allowance for impairment of other current assets	(375,750)	-
Net other current assets	11,314,189	14,289,829

Movement in the allowance for impairment of other current assets during the year:

	31 December 2023	31 December 2022
Balance as at 1 January	-	-
Allowance for impairment of other current assets during the year	375,750	-
Balance as at 31 December	375,750	-

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10. CONTRACT ASSETS

Revenue from continuous contracts as at 31 December is as follows:

	31 December 2023	31 December 2022
Total charged costs	62,063,699	44,468,552
Add:		
Realized gross profits	51,761,622	35,593,858
Revenue - according to the percentage of completion	113,825,321	80,062,410
Less:		
Progress billings issued for work completed	(71,715,044)	(52,824,083)
Less: Allowance for impairment before write-off	(953,433)	(36,844)
	41,156,844	27,201,483

Movement in the allowance for impairment of contract assets during the year:

	31 December 2023	31 December 2022
Balance as at 1 January	36,844	-
Allowance for impairment of contract assets during the year	2,214,677	36,844
Write-off during the year	(1,298,088)	-
Balance at 31 December	953,433	36,844

11. CASH AT BANKS

	31 December 2023	31 December 2022
Cash at Banks	36,367,331	61,387,845
Short term Murabaha deposits *	10,000,000	-
	46,367,331	61,387,845

* The short-term deposits carry a Murabaha rate of 6% and a maturity less than three months.

12. SHARE CAPITAL (RESTATED-NOTE 29)

The Company's share capital as of December 31, 2023, amounted to SR 36,599,970 (December 31, 2022: SR 36,599,970), divided into 3,659,997 shares of SR 10 each.

The following shows the major shareholders as of 31 December 2023:

Major shareholders	Ownership percentage	Number of ordinary shares	Number of diluted shares
Abdullah Anwar Muhammad Yousuf Andjani	20.01%	732,381	-
Salem Salah Salem Bamkhrama	11.75%	430,280	-
TAM Development Company - A Saudi Joint Stock Company (Treasury shares)	10.00%	-	365,997
Faisal Commercial Business Company - Single Person Company	7.40%	270,843	-
Ain Altanmaweyah for Investment Company - Single Person Company	16.50%	604,151	-
Maalem Al-Massa Real Estate Company - Single Person Company	11.48%	420,513	-

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12. SHARE CAPITAL (RESTATED-NOTE 29) (CONTINUED)

The following is the details of outstanding number of shares:

<u>Number of outstanding ordinary shares</u>	<u>Treasury shares</u>	<u>Number of issued shares</u>
3,294,000	365,997	3,659,997

13. TREASURY SHARES (RESTATED-NOTE 29)

In the Extraordinary General Assembly meeting held on 10 October 2022 (corresponding to 14 Rabi' al-Awwal 1444 H), the shareholders decided to allocate 365,997 shares out of their 3,659,997 ordinary shares, through shareholders' waiver of 10% of the share capital in favor of the Company, at a rate of SAR 10 per share with a total value of SAR 3,659,997 and hold them as treasury shares, in order to allocate them to the company's employees as part of the employee stock ownership plan, noting that this plan has not been activated yet. Shareholders waived proportionately from each shareholder shares equally on October 16, 2022, (corresponding to Rabi' al-Awwal 20, 1444 H).

14. DIVIDENDS

- In its meeting held on July 11, 2023 (corresponding to Dhu al-Hijjah 23, 1444 H) the Group's board of directors resolved to distribute dividends to shareholders in the amount of SR 2,799,900 at 0.85 Halalah per share. The number of shares eligible for dividends is 3,294,000 shares. The extraordinary general assembly approved the board of directors' decision to distribute dividends on August 27, 2023 (corresponding to Safar 11, 1445 H).
- In the meeting held on 06 April 2022 (corresponding to 04 Ramadan 1443H), the Group's board of directors resolved to distribute dividends to the shareholders at 10% of the profits of the year ended 2021, in the amount of SR 1,612,763 (0.44 Halalah per share). The Extraordinary General Assembly approved the decision of the Board of Directors to allocate shares on October 10, 2022 (corresponding to 14 Rabi Al-Awwal 1444 AH).

15. EMPLOYEES' BENEFITS OBLIGATIONS

The Group has a post-employment defined benefit plan. The benefits are applicable under Saudi Labor Law. These benefits are based on employees' final salaries and allowances and their cumulative years of service, as stated in the laws of Kingdom of Saudi Arabia. The following table summarizes the components of the net benefit expense recognized in the consolidated statement of profit or loss and other comprehensive income and amounts recognized in the consolidated statement of financial position.

A) Changes in the present value of defined benefit obligations

Movement in the provision for employees' end of service benefits included in the statement of financial position is as follows:

	<u>31 December 2023</u>	<u>31 December 2022</u>
Current service cost	1,640,576	1,371,431
Interest cost	242,077	101,154
Total benefit expenses	1,882,653	1,472,585

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15. EMPLOYEES' BENEFITS OBLIGATIONS (CONTINUED)

	<u>31 December 2023</u>	<u>31 December 2022</u>
Balance on 1 January	4,188,585	3,634,942
Interest cost	242,077	101,154
Current service cost	1,640,576	1,371,431
Actuarial gains on remeasurement of employees' benefits obligations	(90,793)	(467,694)
Benefits paid	(557,317)	(451,248)
Balance at 31 December	5,423,128	4,188,585

b) Sensitivity analyses

The principal assumptions used in determining the post-employment defined benefit liability includes the following:

	<u>31 December 2023</u>	<u>31 December 2022</u>
Discount rate	4.65%	5.25%
Future salary increases rate	5.40%	6.00%

A quantitative sensitivity analysis for significant assumptions as at 31 December 2023 and 31 December 2022 is shown below:

	<u>Discount rate</u>	
	<u>Increase by 1%</u>	<u>Decrease by 1%</u>
Defined benefit obligations as at 31 December 2023	886,746	1,630,661
Defined benefit obligations as at 31 December 2022	(331,509)	308,252

	<u>Salary increase rate</u>	
	<u>Increase by 1%</u>	<u>Decrease by 1%</u>
Defined benefit obligations as at 31 December 2023	1,623,706	885,965
Defined benefit obligations as at 31 December 2022	302,204	(332,165)

The sensitivity analysis above has been based on a method that extrapolates the impact on the defined benefit obligation as a result of reasonable changes in key assumptions occurring at the end of the reporting period. The sensitivity analysis is based on a change in a significant assumption, keeping all other assumptions constant. The sensitivity analysis may not be representative of an actual change in the employees' benefit obligations as it is unlikely that changes in assumptions would occur in isolation of one another.

16. TRADE PAYABLES AND OTHER CURRENT LIABILITIES

	<u>31 December 2023</u>	<u>31 December 2022</u>
Contract accruals for Ministry of Culture's projects	570,645	10,410,826
Accrued expenses and employees' accruals	18,634,776	10,103,586
Employees payables	173,676	30,801
Trade payables	9,627,563	4,318,102
Withholding tax	304,222	687,062
Remunerations for board of directors and its committees	615,000	397,500
	29,925,882	25,947,877

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17. CONTRACT LIABILITIES

Revenue from continuous contracts as at 31 December is as follows:

	31 December 2023	31 December 2022
Total charged costs	47,016,628	28,993,231
Add:		
Realized gross profits	33,301,946	12,270,511
Revenue - according to the percentage of completion	80,318,574	41,263,742
Less:		
Progress billings issued for work completed	(120,531,896)	(65,836,927)
	(40,213,322)	(24,573,185)

18. CREDIT FACILITIES

The credit facilities granted by a local bank represent a financing of 10% of total contract with a margin of 8.96%. Murabaha period is 3 years ending on 13 February 2025.

	31 December 2023	31 December 2022
Credit facilities	-	2,848,643
	-	2,848,643

- On 15/01/2023, the group submitted a request for early repayment of the financing amount. The bank approved the request, and the outstanding amount was settled by the date of submission on 16/01/2023.
- The total credit facilities with local banks amounted to SR 45,858,000, comprising SR 30,858,000 financing for guarantees, and SR 15,000,000 cash financing not yet utilized and Financing expenses amounted to SR 262,770.

19. COMMITMENTS AND CONTINGENCIES

The Group has issued letters of guarantee in the ordinary course of business through the banks amounting to SR 21.4 million (31 December 2022: SR 6.1 million).

20. ZAKAT PROVISION

A) Status of assessment

The Group has submitted its zakat and withholding tax returns for all years ended up to 31 December 2022 to the Zakat, Tax and Customs Authority (ZATCA) and obtained the temporary Zakat Certificate.

During the year, the Zakat Authority “the Authority” submitted a zakat assessment for the fiscal year ending on December 31, 2019, and demanded the company with amount of SR 34,101.

The group submits zakat returns for each of the group companies separately and does not submit a consolidated zakat return.

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20. ZAKAT PROVISION (CONTINUED)

B) Zakat base

Zakat has been calculated based on Zakat base for which its components are as follows:

	31 December 2023	31 December 2022
Net profit for the year before zakat	44,092,120	30,019,594
Provisions during the year	3,546,175	2,685,808
Expenses not related to the activity	1,585,121	228,489
Write-down in the value of contract assets	1,298,088	-
Fines paid during the year	103	23
Adjusted net profit for the year	50,521,607	32,933,914
Partners' equity as at the beginning of the year	27,250,892	3,972,713
Provisions as at the beginning of the year	3,865,908	4,051,954
Reserves as at the beginning of the year	9,401,238	3,483,675
Capital	36,609,970	36,609,970
Additional contributions from shareholders	97,920	-
Contract liabilities	24,316,327	7,746,055
Dividends	(2,799,900)	-
Dividends payable	469	-
Amounts due to related parties	-	154,308
Net tangible assets and machinery and equipment	(1,602,417)	(1,700,914)
Net intangible assets	(9,925,260)	(4,273,341)
Right of use assets	(496,964)	-
Investments in subsidiaries	(1,641,076)	(840,964)
Adjustments to zakat provision	2,643,639	1,528,921
Total	138,242,353	83,666,291
Zakat base	138,242,353	83,666,291
Zakat on the zakat base at 2.5%	3,456,058	2,091,658

c) Movement in Zakat provision:

	31 December 2023	31 December 2022
Balance as at 1 January	2,091,658	1,311,748
Zakat charge during the year (*)	3,490,158	2,091,658
Zakat paid	(2,125,758)	(1,311,748)
Balance as at 31 December	3,456,058	2,091,658

(*) Zakat charge during the year is as follows:

Zakat for the current year	3,456,058	2,091,658
Prior-year's expense	34,100	-
	3,490,158	2,091,658

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21. REVENUE

Revenue is measured based on the consideration specified in a contract with a customer. Revenue is recognized over time or at a specific point of time as services are provided. The stage of completion for determining the amount of revenue is assessed based on surveys of work performed. Invoicing of revenue is based on billing terms as per the contracts.

21-1 REVENUE BY PROVIDED SERVICE

	31 December 2023	31 December 2022
Consulting services	165,301,488	126,451,527
Digital solutions	23,101,640	20,621,956
	188,403,128	147,073,483

21-2 REVENUE BY CUSTOMER SECTOR

	31 December 2023	31 December 2022
Government and semi government	173,752,338	132,556,935
Private sector Companies	14,650,790	14,516,548
	188,403,128	147,073,483

21-3 TIME OF REVENUE RECOGNITION

	31 December 2023	31 December 2022
Over-time	171,213,277	131,185,823
At a point of time	17,189,851	15,887,660
	188,403,128	147,073,483

22. COST OF REVENUE

	31 December 2023	31 December 2022
Consulting services	87,097,768	84,839,685
Digital solutions	11,543,332	7,409,389
	98,641,100	92,249,074

23. GENERAL AND ADMINISTRATIVE EXPENSES

	31 December 2023	31 December 2022
Salaries and other allowances	15,954,276	9,294,287
Employees' expenses	14,333,264	8,179,277
Offices and administrative expenses	4,484,731	2,438,526
Consulting and legal expenses	2,232,260	1,340,756
Governmental charges	1,338,955	729,553
Depreciation charge for right of use assets	876,050	564,706
Remunerations for board of directors and its committees	674,000	397,500
Subscriptions expenses	1,255,389	302,222
Depreciation and amortization charges	1,137,854	291,799
Other general and administrative expenses	1,208,695	1,339,407
	43,495,474	24,878,033

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24. TRANSACTIONS WITH RELATED PARTIES

The related party of the Group include the shareholders, subsidiaries, directors, key management personnel, and members of the board of directors. Terms and conditions of these transactions are approved by the Group's management. In the ordinary course of business, the Group transacts with related parties. The following table shows the balances and transactions made with related parties during the year:

Related party	Transaction description	31 December 2023	31 December 2022
Bupa Arabia Company (Affiliate Company) *	Health insurance contract	1,857,505	1,097,549
Careem Transportation Information Technology Company (Affiliate Company) **	Transportation services	305,171	8,347

* The due from related parties balance amounted to SR 57,628 under trade receivables and other current assets (2022: SR 2,981)

** The due to related parties balance amounted to SR 168,605 under trade payables and other current liabilities (2022: SR 5,885).

Compensation and benefits to key management personnel

	31 December 2023	31 December 2022
Salaries and allowances	6,730,000	4,610,000
End-of-service benefits	1,810,173	1,411,159
Remuneration, allowances, and commissions	7,492,124	2,575,622
Total	16,032,297	8,596,781

Board of Directors' remuneration and related expenses

	31 December 2023	31 December 2022
Board of Directors' and its committees' remuneration	674,000	397,500
	674,000	397,500

Transactions with shareholders

Treasury stock transactions with shareholders are explained in Note 13.

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25. EARNINGS PER SHARE (RESTATED-NOTE 29)

In accordance with IAS 33, basic earnings per share are calculated by dividing income attributable to the shareholders of the Group based on the weighted average number of the ordinary shares during the year ended 31 December 2023.

Diluted earnings per share are calculated by dividing the profit for the period by the weighted average number of ordinary shares during the period assuming that all diluted shares are converted into ordinary shares.

The diluted earnings per share is equivalent to the basic earnings per share for the year ended 31 December 2023 due to the absence of financial instruments with lower impact for the share return.

	31 December 2023	31 December 2022
Net profit for the year	40,601,961	27,927,936
Weighted average number of shares	3,294,000	3,577,773
Earnings per share (basic and diluted)	12.33	7.80

Weighted average number of shares during the year

	31 December 2023	31 December 2022
Number of ordinary shares	3,659,997	3,659,997
Effect of treasury shares	(365,997)	(82,224)
Weighted average number of ordinary shares	3,294,000	3,577,773

26. SEGMENTS REPORTING

In line with internal reporting process, management has adopted two primary segments for monitoring and preparing financial reporting, as follows:

<u>Segment Name</u>	<u>Segment activities' description</u>
Consulting services	<ul style="list-style-type: none"> ▪ Formulating strategies and designing initiatives in order to raise the experience quality for the citizen and users of the government and quasi government services using one of the innovation and design approaches. ▪ Managing implementation of the government and quasi government programs and initiatives as per the approved strategies that contribute to achieving success indicators of the transformation plans of the various entities.
Digital solutions	<ul style="list-style-type: none"> ▪ Designing, implementing and managing the operation of digital programs and products enables the government and quasi government segment to automate the communication and community engagement, explore and improve talents, and manage the government support for all segments of the community.

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26. SEGMENTS REPORTING(CONTINUED)

For the year ended 31 December 2023

	Consulting services	Digital solutions	Total
Revenue	165,301,488	23,101,640	188,403,128
Cost of revenue	(87,097,768)	(11,543,332)	(98,641,100)
Gross income	78,203,720	11,558,308	89,762,028

For the year ended 31 December 2022

	Consulting services	Digital solutions	Total
Revenue	126,451,527	20,621,956	147,073,483
Cost of revenue	(84,839,685)	(7,409,389)	(92,249,074)
Gross income	41,611,842	13,212,567	54,824,409

The results of all operating segments are reviewed regularly by the Group's management to take decisions on the allotted resources to segments, evaluate its performance, and ensure availability of specific financial information about each segment.

Reconciliation of information on reportable segments to net income for the Group:

	31 December 2023	31 December 2022
Gross income from segments	89,762,028	54,824,409
General and administrative expenses	(43,495,474)	(24,878,033)
Impairment (loss) / reversal of trade receivables	(371,183)	141,516
Impairment loss of other current assets	(375,750)	-
Impairment loss of contract assets	(2,214,677)	(36,844)
Other income	833,577	-
Finance income	503,466	103,819
Finance expenses	(549,868)	(135,273)
Total unallocated amount	(45,669,909)	(24,804,815)
Profit before Zakat for the year	44,092,119	30,019,594

27. FINANCIAL INSTRUMENTS

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either:

- In the principal market for the asset or liability, or
- In the absence of a principal market, in the most advantageous market for the asset or liability

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

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 best economic interest.

A fair value measurement of a non-financial asset takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

The Group uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximizing the use of relevant observable inputs and minimizing the use of unobservable inputs.

Accounting classification and fair values

All assets and liabilities for which fair value is measured or disclosed in the consolidated financial statements are categorized within the fair value hierarchy. This is described as follows based on the lowest level input that is significant to the fair value measurement as a whole:

Level 1: Quoted (unadjusted) market prices in active markets for identical assets or liabilities

Level 2 — Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable

Level 3 — Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable.

For assets and liabilities that are recognized in the consolidated financial statements at fair value on a recurring basis using level 1 or level 2 indicators, 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 reporting period.

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

The table below shows the carrying amounts and fair values of financial assets and financial liabilities including their levels in the fair value hierarchy. It does not include fair value information on financial assets and financial liabilities that are not measured at fair value if the carrying amount is reasonably close to the fair value.

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27. FINANCIAL INSTRUMENTS(CONTINUED)

31 December 2023							
Fair value							
	Fair value through other comprehensive income (FVOCI)	Amortized cost	Total	Level 1	Level 2	Level 3	Total
Financial assets							
Trade receivables	-	66,914,511	66,914,511	-	-	-	66,914,511
Contract assets	-	41,156,844	41,156,844	-	-	-	41,156,844
Cash and cash equivalents	-	46,367,331	46,367,331	-	-	-	46,367,331
Bank deposit	-	11,000,000	11,000,000	-	-	-	11,000,000
Total	-	165,438,686	165,438,686	-	-	-	165,438,686
Financial liabilities							
Trade payables and other current liabilities	-	10,198,208	10,198,208	-	-	-	10,198,208
Contract liabilities	-	40,213,322	40,213,322	-	-	-	40,213,322
Credit facilities	-	-	-	-	-	-	-
Total	-	50,411,530	50,411,530	-	-	-	50,411,530

31 December 2022							
Fair value							
	Fair value through other comprehensive income (FVOCI)	Amortized cost	Total	Level 1	Level 2	Level 3	Total
Financial assets							
Trade receivables	-	16,951,207	16,951,207	-	-	-	16,951,207
Contract assets	-	27,201,483	27,201,483	-	-	-	27,201,483
Cash and cash equivalents	-	61,387,845	61,387,845	-	-	-	61,387,845
Bank deposit	-	5,000,000	5,000,000	-	-	-	5,000,000
Total	-	110,540,535	110,540,535	-	-	-	110,540,535
Financial liabilities							
Trade payables and other current liabilities	-	14,728,928	14,728,928	-	-	-	14,728,928
Contract liabilities	-	24,573,185	24,573,185	-	-	-	24,573,185
Credit facilities	-	2,848,643	2,848,643	-	-	-	2,848,643
Total	-	42,150,756	42,150,756	-	-	-	42,150,756

28. RISK MANAGEMENT OF FINANCIAL INSTRUMENTS

The Group is exposed to the following risks by using the financial instruments:

- Market risk
- Credit risk
- Liquidity risk

Risk management is carried out by senior management under policies approved by the Board of Directors. Senior management identifies and evaluates financial risks when appropriate, in close co-operation with the Company's operating units.

Credit risk

Credit risk is the risk of financial loss to the Group if a customer or counterparty fails to meet its contractual obligations and arises principally from the Group's receivables from customers. The fair value of financial assets represents the maximum credit exposure.

The Group's exposure to credit risk is influenced mainly by the individual characteristics of each customer. However, management also considers the factors that may influence the credit risk of its customer base, including the default risk of the industry and the country in which customers operate.

The Board of Directors has established a credit policy under which each new customer is analyzed individually for creditworthiness before the Group's standard payment and delivery terms and conditions are offered. The Group's review includes external ratings, if they are available, and in some cases bank references.

The Group established a provision for impairment representing its estimate of expected incurred losses. The following table provides information about the exposure to credit risk and ECLs for customers:

For the year ended 31 December 2023

	Total carrying amount	Provision for expected credit losses	Weighted-average credit loss rate
Less than 90 days	51,662,095	70,348	0.1%
91 - 180 days	13,014,769	71,387	0.5%
181 - 270 days	2,172,145	7,244	0.3%
271 - 365 days	43,998	1,713	3.9%
More than 365 days	590,483	418,287	70.8%
Total	67,483,490	568,979	

For the year ended 31 December 2022

	Total carrying amount	Provision for expected credit losses	Weighted-average credit loss rate
Less than 90 days	16,677,708	31,288	0.2%
91 - 180 days	-	-	0.0%
181 - 270 days	68,295	-	0.0%
271 - 365 days	-	-	0.0%
More than 365 days	403,000	166,508	41.3%
Total	17,149,003	197,796	

- During the subsequent period, the group received a total of SR 29,448,449 from the total trade receivables.

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28. RISK MANAGEMENT OF FINANCIAL INSTRUMENTS (CONTINUED)

Liquidity risk

Liquidity risk is the risk that the Group will encounter difficulty in meeting its financial obligations associated with its financial liabilities that are settled by delivering cash or other financial assets. The Group's approach to manage liquidity is to ensure, as far as possible, that will always have sufficient liquidity to meet its liability when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Group's reputation.

The following is an analysis of the undiscounted contractual maturities of the Company's financial liabilities as at 31 December.

	<u>Less than 1 year</u>	<u>1-5 years</u>	<u>Over 5 years</u>	<u>Total contractual cash flows</u>	<u>Carrying amount</u>
As at 31 December 2023					
Trade payables	9,627,563	-	-	9,627,563	9,627,563
Accrued expenses	18,808,452	-	-	18,808,452	18,808,452
As at 31 December 2022					
Trade payables	4,318,102	-	-	4,318,102	4,318,102
Accrued expenses	10,134,387	-	-	10,134,387	10,134,387
Credit facilities	2,848,643	-	-	2,848,643	2,848,643
Lease liabilities	906,661	-	-	906,661	906,661

Market risk

Market price risk is the risk that the value of a financial instrument will fluctuate as a result of changes in market prices, such as foreign exchange rates and interest rates, which affect the Group's income or the value of its financial assets. The objective of market risk management is to manage and maintain market risk exposures within acceptable parameters, while optimizing the return.

Market risk comprises of three types of risk: currency risk, interest rate risk and other price risk.

Foreign currency risk

Currency risk is the risk that the value of a financial instrument will fluctuate due to fluctuations in foreign exchange rates. The Group is not exposed to fluctuations in foreign exchange rates during its ordinary course of business, as the Group's core transactions during the period were denominated in Saudi Riyals and US Dollars. Since the Saudi Riyal is pegged against the US Dollar, there are no significant risks associated with transactions and balances denominated in US Dollars.

Interest rate risk

It is the exposure to various risks associated with the effect of fluctuations in the prevailing interest rates on the Company's financial position and cash flows. The Company's interest rate risk arise mainly from short term bank debts and long term debts, which are at floating rates of interest. All debts are subject to re-pricing on a regular basis. Management monitors the changes in interest rates and believes that the fair value and cash flows interest rate risks to the Company are not significant.

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28. RISK MANAGEMENT OF FINANCIAL INSTRUMENTS (CONTINUED)

Capital management.

The Group's policy is to maintain a strong capital base to maintain investor, creditor, and market confidence and to sustain future development of the business. The Group monitors its capital base using a ratio of net debt to shareholders' equity. Net debt is calculated as loans less cash and cash equivalents.

The Group's net debt to shareholders' equity ratio at the end of the year is as follows:

	31 December 2023	31 December 2022
Trade payables and other current liabilities	29,925,882	25,947,877
Credit facilities	-	2,848,643
Lease liabilities	-	906,661
Less: cash at banks	(46,367,331)	(61,387,845)
Net debt	(16,441,449)	(31,684,664)
Total shareholders' equity	109,763,823	71,621,024
Net debt to shareholders' equity ratio	-%	-%

29. CORRECTION OF ERROR

During the year ended 31 December 2023, the Group discovered that treasury shares were erroneously not accounted for in the Group's consolidated financial statements for the year ended 31 December 2022. This error was corrected by restating the affected items in the prior period's financial statements. There is no impact on the consolidated statement of cash flows for the year ended 31 December 2022.

The following table summarizes the impact on the Group's consolidated financial statements.

Adjustments to the consolidated statement of financial position as of December 31, 2022:

	Note	Balances as previously reported	Adjustments	31 December 2022 Restated
Shareholders' equity and liabilities				
Shareholders' equity				
Capital		36,599,970	-	36,599,970
Treasury shares	13	-	(3,659,970)	(3,659,970)
Statuary reserve		6,320,238	-	6,320,238
Other reserve		3,078,000	-	3,078,000
Additional contributions from shareholders		-	3,659,970	3,659,970
Retained earnings		25,622,816	-	25,622,816
Total shareholders' equity		71,621,024	-	71,621,024

And as a result for the correction of this error the basic and diluted EPS increased from 7.63 to 7.80 as at 31 December 2022.

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30. RECLASSIFICATION

Some comparative figures have been reclassified to align with the presentation of the current year, and the reclassification has no impact on the total shareholders' equity or profit for the year, as detailed below:

Items	Balances before reclassification (Debit)/Credit	The impact of reclassification	Balances after reclassification (Debit)/Credit
Finance income	-	103,819	103,819
Other income	103,819	(103,819)	-
Other current assets	(14,490,942)	201,113	(14,289,829)
Trade payables and other current liabilities	26,148,990	(201,113)	25,947,877

31. SUBSEQUENT EVENTS

No subsequent events to the reporting period have been identified which require an adjustment or disclosure in the consolidated financial statements.

32. APPROVAL OF THE CONSOLIDATED FINANCIAL STATEMENTS

The consolidated financial statements of the Group have been approved by the Board of Directors on 21 March 2024 (corresponding to 11 Ramadan 1445H).