Saudi AZM for Communication and Information Technology Company

Transfer Document from the Parallel Market to the Main Market

Saudi AZM Communications and Information Technology Company (hereinafter referred to as the "Company" or the "Issuer") was established as a limited liability company with a capital of fifty thousand (50,000) Saudi Riyals, divided into fifty thousand (50,000) cash shares of equal value, with each share valued at one (1) Riyal. This was pursuant to the Articles of Association authenticated by the Notary Public under number (39380322) dated 11/03/1439H (corresponding to 29/11/2017G), and the Commercial Registration certificate in the city of Riyadh number (1010918075) dated 11/03/1439H (corresponding to 29/11/2017G). On 13/03/1440H (corresponding to 21/11/2018G), the Company's capital was increased from fifty thousand (50,000) Saudi Riyals to five hundred thousand (500,000) Saudi Riyals, divided into fifty thousand (50,000) shares of equal value, with each share valued at ten (10) Riyals (whereby the share value was amended from one (1) Saudi Riyal to ten (10) Saudi Riyals), through cash contributions amounting to four hundred and fifty thousand (450,000) Saudi Riyals, which were deposited into the Company's bank account as per the bank certificate issued in this regard, pursuant to the amended contract authenticated by the Notary Public at the Ministry of Commerce under number (40455084) dated 13/03/1440H (corresponding to 21/11/2018G). On 16/08/1442H (corresponding to 29/03/2021G), the Company's capital was increased from five hundred thousand (500,000) Saudi Riyals to thirty million (30,000,000) Riyals, divided into three million (3,000,000) cash shares of equal value, with each share valued at ten (10) Saudi Riyals. This was done by capitalizing an amount of twenty-nine million five hundred thousand (29,500,000) Saudi Riyals from the retained earnings account as of December 31, 2020, pursuant to the amended electronic Articles of Association documented with the Ministry of Commerce under number (14774) dated 16/08/1442H (corresponding to 29/03/2021G). The Company was converted from a limited liability company to a closed joint-stock company pursuant to the partners' resolution audited by the Ministry of Commerce under number (281200) and approved under number (100004896) dated 05/11/1442H (corresponding to 15/06/2021G). On 22/10/1442H (corresponding to 03/06/2021G), Ministerial Resolution No. (Q/11574) was issued, approving the license for the Company's conversion from a limited liability company to a closed joint-stock company. And on 13/11/1442H (corresponding to 23/06/2021G), Ministerial Resolution No. (Q/11575) was issued, approving the announcement of the Company's conversion from a limited liability company to a closed joint-stock company. On 25/05/1443H (corresponding to 29/12/2021G), the Board of Directors of the Capital Market Authority approved the Company's application to register its shares, numbering three million (3,000,000) ordinary shares, for the purpose of direct listing on the Parallel Market. On 28/07/1443H (corresponding to 01/03/2022G), the Company's shares were listed on the Parallel Market. On 09/10/1445H (corresponding to 18/04/2024G), the Company's Board of Directors approved the transfer of the Company's shares from the Parallel Market (Nomu) to the Main Market (Tasi) with sixty million (60,000,000) ordinary shares and a total value of thirty million (30,000,000) Saudi Riyals. The number of public shareholders (those owning 2,000 shares or more) reached (603) shareholders, whose ownership amounts to (28,697,908) shares, representing (47.830%) of the Company's total shares.

The current capital of the Company is thirty million (30,000,000) Saudi Riyals divided into sixty million (60,000,000) fully paid shares, each with a value of (0.50) Saudi Riyals. All of the Company's shares are ordinary shares of one class, and no shareholder is given any preferential rights. Each shareholder ("Shareholder") regardless of the number of shares he holds has the right to attend and vote in the meetings of the General Assembly of Shareholders ("General Assembly"). The transfer will be for a number of sixty million (60,000,000) ordinary shares representing the total shares of the Company, with a nominal value of (0.50) Saudi Riyals per share.

The company's activities as per its commercial register are: selling wired and wireless equipment and devices, publishing ready-made software, operating systems, systems analysis, blockchain technologies, big data technologies and data science and analysis, establishing the infrastructure for hosting websites on the network and data processing services and related activities, investment company activities, designing user interface and experience, developing applications, head office activities, rehabilitating and restructuring administrative, financial and operational processes of facilities, providing senior management consulting services, research and development in the field of engineering and technology, market research and opinion polls, organizing and managing exhibitions and conferences, organizing and managing crowds, operating exhibition and conference centers and facilities, integrated administrative services activities for offices, investment management, business incubators and accelerators activities, designing and programming special software, public relations and communication, mediating in the employment of Saudis, activities of temporary employment agencies for expatriate labor services, repairing and maintaining personal and laptop computers (of all types), providing management and monitoring services for communications and information networks. According to the articles of association, the company carries out and implements the following purposes: 1- Information and communications. 2- Administrative services and support services. 3- Professional, scientific and technical activities. 4- System analysis. 5- Design and programming of special software. 6- Software maintenance. 7- Design of website pages. 8- Rehabilitation and restructuring of administrative, financial and operational processes of establishments. 9- Public relations and communication. 10- Providing senior management consulting services. 11- Establishing the infrastructure for hosting websites on the network, data processing services and related activities. 12- Providing other human resources, including (providing human resources on a long-term or permanent basis in general. 13- Integrated administrative services activities for offices. 14- Managing its subsidiaries or participating in the management of other companies, and providing the necessary support for them. 15- Integrated administrative services activities for offices. 16- Organizing conferences and trade fairs. 17- Organizing, managing and promoting trade fairs, meetings, conferences and events. 18- Organizing and managing crowds. 19- Operating exhibition and conference centers and facilities. 20- Business incubators and accelerators activities. 21- Head office activities (supervising and managing other units in the company or institution). 22- Management consulting activities. 23- Management consulting services. 24- Labor consulting activities. 25- Communications and information technology consulting activities. 26- Investment activities for the private account of the relevant units, including venture capital companies and investment clubs. 27- Investment company activities. 28- Ready-made software bulletin. 29- Management of electronic devices and mechanisms, information systems and communication networks, their maintenance, operation and development. 30- Providing sites for buying and selling via the Internet. 31- Providing, training and developing manpower to manage, operate and develop the businesses and services of the public and private sectors in the field of information technology and communications and other fields. 32- Obtaining commercial agencies related to the company's purposes. 33- Managing, marketing and displaying its projects or non-technical projects inside and outside the Kingdom. 34- Providing all development, marketing and technical investment activities and services. 35- Providing administrative services for technical projects and supervising their implementation. 36- Training in the field of development, marketing and technical investment. 37- Investing inside and outside the Kingdom in technical companies and projects. 38- Attracting local and foreign investments to participate in any of the company's activities. 39- Providing specialized consultations in technical work, information security, communications, electronic business and exchanging credit information. 40- Mediation in employing Saudis. 41- Mediation in recruiting expatriate workers. 42 - Activities of temporary employment agencies for Saudis. 43 - Activities of temporary employment agencies for expatriate labor services. 44- User interface and experience design. 45- Application development. 46- Computer consulting activities. 47- Obtaining the necessary licenses from the competent authorities, if any. 48- Any other activities that the competent authority decides to add in the future. The company carries out its activities under Commercial Registration Certificate No. (1010918075) dated 11/03/1439H (corresponding to 29/11/2017G) and Information Registration Certificate issued by the Communications and Information Technology Commission No. (2021114170) dated 26/03/1443H (corresponding to 01/01/2021G) and valid until 12/09/1446H (corresponding to 12/03/2025G).

As of the date of this Transition Document (" Document "), the Issuer has (3) major shareholders who own (5%) or more of its total shares, namely: (1) Majed Saad Hamoud Al-Osaimi (owning 12,260,000 shares representing 20.433% of the total capital), (2) Ali Mohammed Rashid Al - Balaa (owning 12,244,860 shares representing 20.408% of the total capital) and (3) Ibrahim Abdulrahman Mohammed Al-Qanbit (owning 3,031,504 shares representing 5.053 % of the total capital).

Investing in shares subject to transition to the Main Market involves risks and uncertainties and therefore the "Important Notice" and "Risk Factors" sections of this Transition Document should be carefully considered by investors before they decide to invest in the Issuer's shares following transition and listing on the Main Market.

After the announcement of the approval of the Tadawul Group for the transfer of the issuer's shares to the main market, the Saudi Stock Exchange Company ("Tadawul Saudi") shall suspend the trading of the issuer's shares on the day following the expiry of the period for publishing the transfer document for a period not exceeding five trading sessions, and then the transition procedures will commence (please refer to page (z) " Transition Process Timeline").

Financial Advisor

This Transition Document contains information provided in connection with the application for transition to the Main Market in accordance with the requirements of the Listing Rules issued by the Saudi Stock Exchange. The Directors whose names appear on page (c) jointly and severally bear full responsibility for the accuracy of the information contained in this Transition Document and confirm, after making all reasonable inquiries, that to the best of their knowledge and belief, there are no other facts the omission of which in the Transition Document to the Main Market would render any statement contained therein misleading. The Authority and the Saudi Stock Exchange do not bear any responsibility for the contents of this document, do not give any assurances regarding its accuracy or completeness, and expressly disclaim any liability whatsoever for any loss arising from or in reliance on any part of this document.

This document was issued on 06/01/1447 H (corresponding to 01/07/2025 G)


عزم السعودية
SAUDI AZM

Important Notice

The document provides full detailed information about Saudi AZM for Communication and Information Technology Company and its shares subject to transfer from the parallel market (Nomu) to the main market (TASI). Potential investors who wish to invest in the shares subject to transfer after the completion of their transfer, listing and commencement of trading in the main market will be treated on the basis that the investment decision is based on the information contained in this document, a copy of which can be obtained by visiting the issuer's website (www.azm.sa), the financial advisor (www.alrajhi-capital.com) or the Saudi Stock Exchange (Tadawul Saudi Arabia) (www.saudiexchange.sa). The financial advisor Al Rajhi Capital will also announce the transfer on its page on the Saudi Stock Exchange website. On publishing the transfer document and making it available for inspection by investors.

After obtaining the approval of the Tadawul Group for the application to transition to the Main Market, the company must publish the Transition Document within three trading days following the announcement of the Tadawul Group's approval of the transition application.

This Transition Document contains information submitted in connection with the application for transition to the Main Market in accordance with the requirements of the Listing Rules issued by the Saudi Stock Exchange. The Directors whose names appear on page (c) of this Transition Document, jointly and severally, bear full responsibility for the accuracy of the information contained in the document and confirm, after making all reasonable inquiries, that to the best of their knowledge and belief, there are no other facts the omission of which would render any statement contained therein misleading. The Authority and the Saudi Stock Exchange do not bear any responsibility for the contents of this document, do not give any assurances regarding its accuracy or completeness, and expressly disclaim any liability whatsoever for any loss arising from or in reliance on any part of this document.

The Company has appointed Al Rajhi Capital as the financial advisor ('Financial Advisor') in connection with the application for the transition of the Company's shares to the Main Market.

The information contained in this document as of the date of its issuance is subject to change and, in particular, the financial position of the Company and the value of its shares may be adversely affected by future developments relating to inflation, interest rates, taxes or any other economic or political factors beyond its control (please see Section (2) " Risk Factors " of this document). Neither this document nor any oral, written or printed communications in relation to the shares subject to transition to the Main Market should be considered, interpreted or relied upon in any way. Or interpret it as a promise, confirmation, or representation regarding the realization of any future profits, revenues, results, or future events.

This document should not be considered a recommendation by the Company, its Board of Directors, or any of its advisors to participate in the investment process in the shares subject to transition. The information contained in this document is of a general nature, and this document has been prepared without considering the individual investment objectives, financial situation, or specific investment needs of persons interested in investing in the shares subject to transition.

Before making any investment decision, each recipient of this document should obtain independent professional advice regarding investment in the shares subject to transition after the commencement of their trading, from a financial advisor licensed by the Authority, to assess the suitability of the investment opportunity and the information contained in this document in light of their specific objectives, circumstances, and investment needs, including the benefits and risks related to investing in the shares subject to transition, as such investment may be suitable for certain investors but not for others. Prospective investors should also not rely on another party's decision to invest or not to invest as a basis for the assessment they are required to undertake regarding their own investment opportunity or based on the specific circumstances of such other investors.

The Company and the Financial Advisor request that recipients of this document review all regulatory restrictions related to the purchase or sale of the shares subject to transition and ensure compliance therewith.

Financial information

The Company's consolidated financial statements for the fiscal years ended June 30, 2022, June 30, 2023, and June 30, 2024, which are included in this document, have been prepared in accordance with the International Financial Reporting Standards (IFRS) as endorsed in the Kingdom of Saudi Arabia, and other standards and pronouncements issued by the Saudi Organization for Chartered and Professional Accountants (SOCPA). The consolidated financial statements for the fiscal years ended June 30, 2022, and June 30, 2023, were audited by Ernst & Young Professional Services (a limited liability professional company). The audited consolidated financial statements for the fiscal year ended June 30, 2024, were audited by PricewaterhouseCoopers, Certified Public Accountants. The condensed consolidated financial statements for the three- and six-month periods ended December 31, 2024 (unaudited), were prepared by PKF Al Bassam, Certified Accountants and Auditors.

The Company issues its financial statements in Saudi Riyals.

Forecasts and Forward-Looking Statements

The projections contained in this document are based on certain assumptions disclosed in this document. The Company's future circumstances may differ from the assumptions used and therefore no warranty, assurance or representation is given as to the accuracy or completeness of these projections.

Certain expectations contained in this document constitute "forward-looking statements", which can generally be identified by the use of certain forward-looking words such as "plans", "intends", "estimates", "believes", " expects ", "is expected" , "could", "possible ", "potential", "will ", "should", "may", "might" and the negative thereof and other words of similar or comparable meaning. These statements reflect the Company's current view of future events but are not a guarantee or assurance of any future actual performance, as there are many factors that could affect the Company's actual performance, achievements or results and cause them to differ materially from those expressed or implied by these statements. The most important risks and factors that could lead to such an effect are discussed in more detail in other sections of this document (please see Section (2) "Risk Factors" of this document). If one or more of these factors materialize, or if any of the expectations or estimates contained in this document prove to be incorrect or inaccurate, the Company's actual results may differ materially from those described in this document.

As a result of these risks, uncertainties and estimates, the future events, conditions and expectations discussed in this document may not occur in the manner anticipated by the Company and may not occur at all. Accordingly, potential investors should carefully examine all forward-looking statements. Considering these clarifications, without relying on them primarily.

Company Board Members

Board Members*										
Name	Position	Nationality	age	Membership status		Date of appointment	Direct ownership		Indirect ownership****	
				Independent / non-independent***	Executive / non-executive		Number of shares	Ownership percentage	Number of shares	Ownership percentage
Majed bin Saad bin Hamoud Al-Ousaimi	Chairman of the Board of Directors	Saudi	42	Not independent	Non-executive	11/11/1442H (corresponding to 21/06/2021G)	12,260,000	20.433%	nothing	nothing
Ahmed bin Abdulaziz bin Mohammed Al-Haqbani	Vice Chairman	Saudi	45	Independent	Non-executive	11/11/1442H (corresponding to 21/06/2021G)	26,248	0.044%	nothing	nothing
Ali bin Mohammed bin Rashid Al-Ballaa	Managing Director & CEO	Saudi	39	Not independent	Executive	11/11/1442H (corresponding to 21/06/2021G)	12,244,860	20.408%	nothing	nothing
Omar bin Fahd bin Abdul Karim Al- Sunaidi**	Board Member	Saudi	42	Independent	Non-executive	18/12/1444 H (corresponding to 06/07/2023)	26,967	0.045%	nothing	nothing
Omar bin Abdulrahman bin Ali Al-Jeraisy	Board Member	Saudi	38	Independent	Non-executive	11/11/1442H (corresponding to 21/06/2021G)	4,101	0.007%	82,540	0.14%

Source: Company

*The company is managed by a board of directors consisting of five (5) members elected by the ordinary general assembly of shareholders.The first board of directors of the company was appointed by the transformation assembly held on 11/11/1442H (corresponding to 21/06/2021G) for a period not exceeding five years.

**On 15/06/1445H (corresponding to 28/12/2023G), the General Assembly approved the appointment of Mr. Omar bin Fahad bin Abdulkarim Al-Sunaidi as a member of the Board of Directors to replace the resigned member Mr. Firas Khalid Al-Juraie.

***With regard to the independence of a Board member, the determinants of independence are defined based on the Corporate Governance Regulations issued by the Capital Market Authority, which identify, among other things, the following as factors affecting independence:

1. Ownership of 5% or more of the company's shares or the shares of another company within its group, or having a relative who owns such a percentage.
2. Having a family relationship with any Board member in the company or another company within its group.
3. Having a family relationship with any of the senior executives in the company or another company within its group.
4. Serving as a Board member in another company within the same group.
5. Being or having been an employee during the past two years of the company or another company within its group, or owning a controlling stake in a company or any party dealing with the company or another company within its group, such as auditors or major suppliers, during the past two years.
6. Having a direct or indirect interest in business or contracts conducted on behalf of the company.
7. Receiving monetary compensation from the company other than Board or committee member remuneration exceeding SAR 200,000 or 50% of the total remuneration received in the previous year—whichever is lower.
8. Engaging in any business that competes with the company or trading in any activity line that the company operates.
9. Having served more than nine years, whether consecutive or cumulative, on the Board of Directors of the company.]

The disqualifying condition mentioned in item (1) applies to the Chairman of the Board, Majid bin Saad bin Hamoud Al-Osaimi. In addition, conditions (1) and (5) apply to the Managing Director and CEO, Ali bin Mohammed bin Rashid Al-Ballaa.

**** Mr. Omar bin Abdulrahman bin Ali Al-Juraissi, a member of the Board of Directors, holds an indirect ownership through Ain Development Investment Company (a sole proprietorship wholly owned by him), which owns 82,540 shares, representing 0.14% of the total shares of Saudi Azm for Communications and Information Technology Company.

Company Address

Saudi AZM for Communication and Information Technology Company Laysen Valley - Building 23 - King Khalid Road - Riyadh City. Phone: +966 11 288 4141 Website: www.azm.sa E-mail: info@azm.sa	

Authorize representatives of the company

Statement	Representative 1	Representative 2
Name	Omar bin Fahd bin Abdul Karim Al- Sunaidi	Ali bin Mohammed bin Rashid Al-Ballaa
Position	Board Member	Managing Director & CEO
Address	Riyadh, Jasmine, Saudi Arabia	Riyadh, Sulaymaniyah, Saudi Arabia
Phone number	011-2884141 Extension 011	011-2884141
E-mail	oalsunidi@azm.sa	ali@azm.sa
Website	www.azm.sa	

Saudi Stock Exchange

Saudi Stock Exchange (Tadawul) King Fahd Road - Al-Ulaya 6897 Unit No. 15 Riyadh 12211 - 3388 Kingdom of Saudi Arabia Phone: +966 11 920001919 Fax: +966 11 218 9133 Email: csc@saudiexchange.sa Website: www.saudiexchange.sa	

Consultants

Financial Advisor

Al Rajhi Capital

King Fahd Road - Al Murooj District

Riyadh, Saudi Arabia

Phone: +966920005856

Fax: +966114600625

Email: investmentbankingteam@alrajhi-capital.sa

Website: www.alrajhi-capital.com

Legal Advisor

Khaligyoun Legal Advisors Company (KLA)

M7 Tower - 8th Floor

Al-Sahafa District - King Fahd Road

Postal Code: 13321

Riyadh, Saudi Arabia

Phone: +966 11 269 9973

Email: info@klafirm.com

Website: www.klafirm.com

Financial Due Diligence Advisor

Deloitte Financial Advisory Services Limited

Building 2.10-B, center the king Abdullah Financial

Phone: +966 11 5089004

Fax: +966 11 508680

e-mail: info@deloitte.com

Website: www.deloitte.com

Auditors

Auditors for the two fiscal years ended June 30, 2022 and June 30, 2023

Ernst & Young Professional Services (LPS)

King Fahd Road - Al Faisaliah Tower - 14th floor
P.O. Box 2732 - Riyadh 11461
Kingdom of Saudi Arabia
Phone: +966 506226611
Fax: +966 11 2734739
Email: info@sa.ey.com
Website: www.ey.com

Auditors for the fiscal year ended June 30, 2024

PricewaterhouseCoopers Public Accountant

Kingdom Tower - P.O. Box 8282
Riyadh 11482 - Kingdom of Saudi Arabia
Phone: +966 11 211-0400
Fax: +966 11 211-0401
Email: waleed.alhidiri@pwc.com
Website: www.pwc.com

Auditors for the three-month and six-month ended on December 31, 2024.

PKF Bassam Chartered Accountants and Auditors

Prince Abdulaziz bin Mismar Road - P.O. Box 69658
Riyadh 11557 - Kingdom of Saudi Arabia
Phone: +966 11 206 5333
Fax: +966 11 206 5444
Website: https://www.pkfalbassam.com
Email: info.sa@pkf.com

Disclaimer: All advisors and auditors mentioned above have provided their written consent for the use of their names, logos, and statements or reports (as applicable) in this Document, in the form and context in which they appear. None of them has withdrawn such consent as of the date of this Document. It should also be noted that all these parties, and the personnel who provided services to the Company, or any of their relatives, do not own any shares or have any interest of any kind in the Company, with the exception of the auditors for the years ended June 30, 2022, 2023, and 2024 mentioned above, who affirmed their independence as the Company's auditors up to the date of signing their respective audit reports.

For the purpose of this Document, "relatives" are defined as "immediate family members" in accordance with the International Code of Ethics for Professional Accountants (including International Independence Standards) as adopted in the Kingdom of Saudi Arabia.

Transfer / Transition Timeline

The event	The date
A Board of Directors' approval on the transfer to the Main Market	Thursday 09/10/1445 H (Corresponding to 18/04/2024G)
Date of publication of the Board of Directors report	Wednesday 18/05/1446 AH (corresponding to 20/11/2024G)
Date of submission of the transfer application to the Main Market	Tuesday 29/11/1446 AH (corresponding to 27/05/2025G)
Date of obtaining Saudi Exchange Company approval	Sunday 04/01/1447 AH (corresponding to 29/06/2025G)
Period of publication of the Transfer Document for inspection on the websites of the Company, the Exchange and the Financial Advisor	Ten (10) days, starting from Tuesday 06/01/1447H (corresponding to 01/07/2025G) and ending on Monday 19/01/1447H (corresponding to 14/07/2025G).
Date of suspension/stoppage of trading of the Company's shares for the purpose of transferring them to the main market	Tuesday 20/01/1447 AH (corresponding to 15/07/2025G)
Date of the last day of the trading suspension period on the share	Within a period not exceeding (5) five trading days from the date of suspension/ stopping of the Company's shares.
Date of transfer from the Parallel Market to the Main Market	The date of transfer to the main market will be announced via the Saudi Exchange website.

Note: All dates mentioned in the above timeline are approximate, and the actual dates will be announced in the local daily newspapers and on the Saudi Stock Exchange website. (www.saudiexchange.sa), the issuer's website (www.azm.sa), and the financial advisor's website (www.alrajhi-capital.com).

Summary of risk factors

A. Issuer related risks

- Risks related to contracts with governmental and semi-governmental entities
- Risks related to reliance on governmental and semi-governmental entities
- Risks related to delay in payment of government projects
- Risks related to concentration of major customers
- Risks related to the company's inability to adapt to customer requirements
- Risks related to the company's inability to keep pace with sector developments
- Risks of Reliance on Key Suppliers
- Risks related to the concentration of the company's revenues
- Risks related to the inability to implement the company's strategic plan
- Risks related to the company's reputation
- Necessary licenses, permits and Certificates and their non-renewal
- Risks related to any member of the Board of Directors engaging in business that competes with the company's business
- Risks related to transactions with related parties
- Credit Risks
- Risks related to potential liabilities
- Liquidity Risks
- Financing risks
- Risks related to personal guarantees
- Risks related to the availability of future financing
- Risks related to existing and potential zakat entitlements
- Risks relating to existing and potential lawsuits, claims, arbitrations and administrative proceedings
- Trademark and Intellectual Property Risks
- Insurance Coverage Risks
- Risks related to localizing jobs and foreign labor
- Risks related to employee behavior and errors
- Risks related to reliance on key personnel
- Risks related to lack of experience in managing companies listed on the main market
- Risks related to management decisions
- Risks related to the company's failure to comply with disclosures
- Risks related to non-compliance with the Capital Market Law and its implementing regulations

- Risks related to non-compliance with the requirements of the Companies Law
- Risks related to the implementation of the governance regulations

B. Risks related to the market and sector in which the issuer operates

- Risks related to the Kingdom's economic performance
- Risks related to the political and economic instability in the region and its impact on the company's operations
- Risks related to non-compliance with existing laws and regulations and/or changes in the regulatory environment
- Risks related to natural disasters
- Risks related to the competitive environment
- Risks related to the competition system and its executive regulations
- Risks related to adverse changes in interest rates
- VAT Risks

C. Risks related to securities listed on the main market

- Risks related to potential fluctuations in the share price
- Risks Related to Forward-Looking Statements
- Risks related to the sale or offering of additional shares in the future
- Risks associated with selling many shares in the market after the transition to the main market
- Risks related to non-distribution of profits to shareholders
- Risks related to the effective control by major shareholders over the interests of the company and other shareholders
- Risks related to the suspension of trading or cancellation of the company's shares because of not publishing its financial statements within the statutory period
- Risks of failure to meet liquidity requirements in the primary market after transition

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1.Definitions and Terms

The following table provides a list of definitions for terms used in the Transition Document:

Table Number (1): Definitions and Terms

Terminology	Definitions
Company or Issuer	Saudi AZM for Communication and Information Technology
The group	Saudi AZM for Communication and Information Technology Company and its subsidiaries.
Subsidiary (as defined by the List) Terminology used in Regulations body The market Finance and its rules) and the affiliated company (according to the financial statements)	National Real Estate Platform Company.
Material Subsidiaries	AZM Tajrubah for Information Technology Company (AZM X), Azm Development for Software Company, and Wasl for Information Technology Company, which have been included in the Company's audited consolidated financial statements and were issued on a consolidated basis.
Board or Board of Directors	Board of Directors of Saudi AZM for Communication and Information Technology Company.
Company management or administration or senior management	The executive management team or senior executives at Saudi AZM for Communication and Information Technology Company.
Listing	Listing of securities on the market, whether on the main market or the parallel market, or – where the context of the text permits – submitting a listing application to the market.
Transition	The transition of the issuer's shares from the parallel market to the main market.
Tadawul	Saudi Stock Exchange
General Assembly	The general assembly convened in the presence of the issuer's shareholders in accordance with the provisions of the Companies Law and the Articles of Association.
Ordinary General Assembly	Ordinary General Assembly of Shareholders.
Extraordinary General Assembly	Extraordinary General Assembly of Shareholders.
The audience	In the list of terms used in the Market Rules and the list of terms used in the regulations and rules of the Capital Market Authority, it means persons other than those mentioned below: 1. Issuer's subsidiaries 2. Major shareholders of the issuer 3. Board Members and Senior Executives of the Issuer 4. Directors and senior executives of the issuer's subsidiaries 5. Directors and senior executives of major shareholders of the issuer 6. Any relatives of the persons referred to in (1, 2, 3, 4, or 5) above 7. Any company controlled by any of the persons referred to in (1, 2, 3, 4, 5, or 6) above. 8. Persons acting in concert together and collectively owning (5%) or more of the class of shares to be listed.

Terminology	Definitions
Voting rights	Voting rights in the issuer's general assemblies, noting that the issuer has only one class of shares, which are ordinary shares, and no shareholder has preferential voting rights, and each shareholder is granted one vote, and each shareholder, regardless of the number of shares he owns, has the right to attend and vote in the general assembly.
Government	Government of the Kingdom of Saudi Arabia.
Riyal	Saudi Riyal – the currency of the Kingdom of Saudi Arabia.
Saudization/localization	Labor regulations in the Kingdom of Saudi Arabia that require companies operating in the Kingdom to employ a certain percentage of Saudis.
Fiscal Year/Fiscal Years	The company's fiscal year ends on June 30 of each Gregorian year.
Share	An ordinary share of (0.5) Saudi Riyals from the issuer's shares.
The market	Saudi Stock Exchange or the Saudi Stock Exchange as the context requires and where applicable.
Main Market - TASI	The market in which securities that have been registered and offered under Chapter Four of the Rules for the Offering of Securities and Continuing Obligations are traded, and their listing is accepted under Chapter Three of the Listing Rules.
Parallel Market - NOMU	The market in which shares that have been registered and offered under Chapter Eight of the Rules for the Offering of Securities and Continuing Obligations are traded, and their listing is accepted under Chapter Eight of the Listing Rules.
The person	Natural person or legal entity.
Value Added Tax	On 02/05/1438H (corresponding to 30/01/2017G), the Council of Ministers approved the Unified Agreement for Value Added Tax (VAT) for the Gulf Cooperation Council (GCC) States. VAT is an indirect tax imposed on all goods and services purchased and sold by establishments, with certain exceptions. The Kingdom of Saudi Arabia committed to implementing VAT at a rate of 5% starting from 14/04/1439H (corresponding to 01/01/2018G). It is worth noting that on 17/10/1441H (corresponding to 09/06/2020G), the Board of Directors of the Zakat, Tax and Customs Authority resolved to amend the VAT regulations to allow for an increase in the standard VAT rate to 15%, effective from July 1, 2020.
Related party	In the list of terms used in the Capital Market Authority's regulations, the following means: 1. 1- Subsidiaries of the issuer, except for companies wholly owned by the issuer. 2. Major shareholders of the issuer. 3. Members of the Board of Directors and Senior Executives of the Issuer. 4. Board members of the issuer's subsidiaries. 5. Directors and senior executives of major shareholders of the issuer. 6. Any relatives of the persons referred to in (1,2,3 or 5) above. 7. Any company or entity controlled by any person referred to in (1, 2, 3, 5 or 6) above. For the purposes of paragraph (6) of this definition, relatives shall mean the father, mother, husband, wife and children.
Risk factors	It is a set of potential influences that must be known and hedged against before deciding to invest in the stocks to be moved.

Terminology	Definitions
Glossary of Terms Used in the Market Rules	Glossary of Terms Used in the Market Rules issued by the Saudi Tadawul Company and approved by the Capital Market Authority Board Resolution No. (2-17-2012) dated 08/06/1433H (corresponding to 29/04/2012G), as amended by its Resolution No. (1-21-2021) dated 10/07/1442H (corresponding to 22/02/2021G), as amended by its Resolution No. (1-22-2021) dated 12/07/1442H (corresponding to 24/02/2021G), as amended by its Resolution No. (1-118-2021) dated 03/04/1443H (corresponding to 08/11/2021G), as amended by its Resolution No. (1-2-2022) dated 30/05/1443H (corresponding to 03/01/2022G), as amended by its Resolution No. (1-98-2022) dated 18/02/1444H (corresponding to 14/09/2022G), as amended by its Resolution No. (1-41-2023) dated 25/10/1444H (corresponding to 15/05/2023G), and as amended by its Resolution No. (5-22-2024) dated 13/04/1446H (corresponding to 16/10/2024G).
List of terms used in the Capital Market Authority's regulations and rules	Glossary of Terms Used in the Capital Market Authority Regulations and their Rules issued by the Capital Market Authority Board pursuant to Resolution No. (4-11-2004) dated 20/08/1425H (corresponding to 04/10/2004G), based on the Capital Market Law issued by Royal Decree No. (M/30) dated 02/06/1424H (corresponding to 31/07/2003G), as amended by the Authority's Board Resolution No. (3-6-2024) dated 05/07/1445H (corresponding to 17/01/2024G).
Financial statements	The Company's Audited Consolidated Financial Statements for the financial year ended June 30, 2022G, the financial year ended June 30, 2023G, the financial year ended June 30, 2024G, and the six-month financial period ended December 31, 2024G.
Listing rules	Listing Rules issued by the Saudi Tadawul Company and approved by the Capital Market Authority Board Resolution No. (3-123-2017) dated 09/04/1439H (corresponding to 27/12/2017G), as amended by its Resolution No. (1-104-2019) dated 01/02/1441H (corresponding to 30/09/2019G), as amended by its Resolution No. (1-22-2021) dated 12/07/1442H (corresponding to 24/02/2021G), as amended by its Resolution No. (1-19-2022) dated 12/07/1443H (corresponding to 13/02/2022G), as amended by its Resolution No. (1-52-2022) dated 12/09/1443H (corresponding to 13/04/2022G), as amended by its Resolution No. (3-96-2022) dated 10/02/1444H (corresponding to 06/09/2022G), as amended by its Resolution No. (1-108-2022) dated 23/03/1444H (corresponding to 19/10/2022G), and as amended by its Resolution No. (4-114-2024) dated 04/04/1446H (corresponding to 07/10/2024G).
Rules for offering securities and continuing obligations	Rules on the Offer of Securities and Continuing Obligations issued by the Capital Market Authority Board by Resolution No. (3-123-2017) dated 09/04/1439H (corresponding to 27/12/2017G), based on the Capital Market Law issued by Royal Decree No. (M/30) dated 02/06/1424H (corresponding to 31/07/2003G), as amended by the Capital Market Authority Board Resolution No. (3-114-2024) dated 04/04/1446H (corresponding to 07/10/2024G).
Nominal value	Nominal Value of the Issuer's share, amounting to (0.5) Saudi Riyals per share.
Corporate Governance Regulations	Corporate Governance Regulations issued by the Authority's Board pursuant to Resolution No. (8-16-2017) dated 16/05/1438H (corresponding to 13/02/2017G), based on the Companies Law issued by Royal Decree No. (M/3) dated 28/01/1437H (corresponding to 10/11/2015G), as amended by the Authority's Board Resolution No. (8-5-2023) dated 25/06/1444H (corresponding to 18/01/2023G), based on the Companies Law issued by Royal Decree No. M/132 dated 01/12/1443H (corresponding to 30/06/2022G).
Auditors	The auditors listed on page (e) of this document.
Shareholder or shareholders	The holder of the issuer's shares at any given time.
Major shareholders	The issuer's shareholders who own (5%) or more of the issuer's shares and whose names appear on the cover page of this document.

Terminology	Definitions
Investor	A natural or legal person who owns or intends to own securities, including deposited securities.
Financial Advisor	Al Rajhi Capital.
Consultants	The Issuer's advisors whose names are listed on pages (d) and (e) of this document.
Transition Document	This transition document is the document required for the transition of the issuer's shares from the parallel market to the main market, in accordance with the listing rules.
Financial Reporting Standards adopted in the Kingdom of Saudi Arabia	The set of accounting standards and interpretations issued by the International Accounting Standards Board (IASB) and adopted in Saudi Arabia, along with other standards approved by the Saudi Organization for Certified Public Accountants (SOCPA).
Kingdom or Saudi Arabia	Kingdom of Saudi Arabia.
Nitaqat	The Saudization Program (Nitaqat) was approved by virtue of the decision of his Excellency the Minister of Human Resources and Development (formerly the Ministry of Labor and Social Development) No. (4040) dated 12/10/1432H (corresponding to 10/09/2011G) based on the Council of Ministers' decision No. (50) dated 12/05/1415H (corresponding to 18/10/1994G). The Ministry of Human Resources and Social Development in the Kingdom launched the program to provide incentives to establishments to employ Saudis. The program evaluates the establishment's performance based on specific Nitaqat (Platinum, Green, and Red) according to the activity and sector under which the company falls. On 11/10/1442H (corresponding to 23/05/2021G), the Ministry of Human Resources and Social Development launched the developed "Nitaqat" program, which offers three main advantages: First: A clear and transparent localization plan for the next three years with the aim of increasing organizational stability in private sector establishments; Second: It relies on a direct relationship between the number of workers and the required localization rates for each establishment through a linear equation that is proportionally linked to the number of workers in the establishment, instead of the current localization rate system based on classifying establishments into specific and fixed sizes; and Third: Simplifying the program design and improving the customer experience by merging the classifications of activities with common characteristics to be 32 activities instead of 85 activities in "Nitaqat". This program will also contribute to providing more than 340,000 jobs by 2024G.
Articles of association	The issuer's articles of association.
Capital Market Law	The Capital Market Law issued by Royal Decree No. (M/30) dated 02/06/1424 AH (corresponding to 31/07/2003 AD), and any amendments thereto.
Companies law	Companies Law issued pursuant to Royal Decree No. (M/132) dated 01/12/1443H (corresponding to 30/06/2022G).
Labor Law	The Saudi Labor Law issued by Royal Decree No. (M/51) dated 23/08/1426H (corresponding to 27/09/2005G) and its amendments.
Communications, Space & Technology Commission	The Communications, Space & Technology Commission in the Kingdom of Saudi Arabia (formerly the Communications and Information Technology Commission).
Saudi Organization for Certified Public Accountants (SOCPA)	Saudi Organization for Certified Public Accountants in the Kingdom of Saudi Arabia (Organization for Chartered and Professional Accountants).
Capital Market Authority or the Authority	Capital Market Authority of the Kingdom of Saudi Arabia.
Zakat, Tax and Customs Authority	The Zakat, Tax and Customs Authority of the Kingdom of Saudi Arabia is one of the government agencies that is organizationally linked to the Minister of Finance. It is the body entrusted with the work of collecting zakat and taxes.
Ministry of Commerce	Ministry of Commerce in the Kingdom of Saudi Arabia.

Terminology	Definitions
Ministry of Municipal and Rural Affairs	Ministry of Municipal and Rural Affairs and Housing in the Kingdom of Saudi Arabia.
Ministry of Human Resources and Social Development	Ministry of Human Resources and Social Development in the Kingdom of Saudi Arabia.
H	Hijri calendar.
G	Gregorian calendar.
Working day	Any business day except Friday and Saturday, any day that is an official holiday in the Kingdom of Saudi Arabia, and any day on which banking institutions are closed for business in the Kingdom in accordance with applicable regulations and other government procedures.
USD	US Dollar

2. Risk factors

Investing in shares subject to transition from the parallel market to listing on the main market involves high risks, and investing in them may only be suitable for investors who are able to evaluate the advantages and risks of this investment and bear any loss that may result from it.

Anyone wishing to invest in the shares subject to the transition from the parallel market to listing on the main market should carefully study all the information contained in this document, including the risk factors set out below, before deciding to invest in them. Note that the risks set out below may not include all the risks that the company may face, and there may be additional factors that are not currently known to the company and that may affect its operations.

The Company's business, financial condition, future prospects, results of operations and cash flows may be materially adversely affected if any of the risks included in this section that the Company's management currently believes to be material occur or materialize, in addition to any other risks that the Board of Directors has not currently identified or classified as immaterial, but which may actually occur and become material.

In the event that one of the risk factors that the company's management currently believes to be material occurs or is realized, or any other risks that the company's management has not been able to identify, or that it currently considers to be immaterial, occur, this may lead to a decrease in the price of the shares in the market and weaken the company's ability to distribute profits to shareholders, and the investor may lose all or part of his investment in the company's shares.

The Company's Board of Directors acknowledge that, to the best of their knowledge and belief, there are no other material risks as of the date of this document other than those mentioned in this section that could affect investors' decisions to invest in the shares subject to the transition from the Parallel Market to the Main Market.

The risks and uncertainties described below are presented in an order that does not indicate their importance. Additional risks and uncertainties, including those not currently known or considered immaterial, may have the effects described above.

2.1. Issuer related risks

2.1.1. Risks related to contracts with governmental and semi-governmental entities

The Company provides information technology and communication services to a number of governmental and semi-governmental entities. Other specialized information technology and communication companies also subcontract with the Company to carry out projects with governmental and semi-governmental entities. The percentage of the Company's contracts concluded with governmental and semi-governmental entities out of the total value of contracts was (79%) as of June 30, 2022G, compared to (74%) as of June 30, 2023G, (61%) as of June 30, 2024G, and (76%) as of December 31, 2024G.

The risks of contracts concluded with governmental and semi-governmental entities are inherent in the contracting process itself, including the possibility of delays in obtaining internal approvals to commence contract execution, in addition to political and economic factors that may affect the number, value, and terms of contracts awarded by governmental entities. Contracts with governmental entities also include stricter terms compared to other commercial contracts and are usually based on standardized, non-negotiable templates, making it difficult to discuss the terms and conditions of these contracts compared to other commercial contracts the Company concludes with private entities. Furthermore, contracts concluded with governmental and semi-governmental entities are typically subject to greater media coverage compared to contracts with private entities. Consequently, any negative media coverage related to these contracts, regardless of its accuracy, may negatively affect the Company's business or reputation, which could have a negative impact on the Company's business, financial position, and results of operations.

In its dealings with governmental and semi-governmental entities, the Company is also subject to the Regulation for Preferring Local Content, Local Small and Medium Enterprises, and Companies Listed in the Financial Market in Business and Procurement, issued by Cabinet Resolution No. (245) dated 29/03/1441H (corresponding to 26/11/2019G). This regulation imposes obligations on the Company, as the contracting party with the governmental entity, including giving preference to national products when purchasing materials or tools needed for the contract under execution, provided that the governmental entity is supplied with a report proving that the products are national. Violation of the aforementioned regulation may result in the application of fines stipulated in Chapter Three "Fines" (Articles 28 to 34), whereby the governmental entity may impose a fine not exceeding (10%) of the contract value, and fines not exceeding a total of (20%) of the contract value may be applied. Given that the value of contracts and agreements concluded by the Company with governmental and semi-governmental entities is high, the fine, which represents a percentage, that could be imposed on the Company by these entities in case of violating contract terms could be substantial. If such fines are imposed on the Company, it would have a material adverse effect on the Company's business, financial position, and results of operations.

2.1.2. Risks related to reliance on governmental and semi-governmental entities

The Company's business and profits depend significantly on the services it provides to its clients in general and those it provides to governmental and semi-governmental parties in particular. The value of the Company's revenues from governmental and semi-governmental entities amounted to (120,055,775) Saudi Riyals, representing (79%) of total revenues as of June 30, 2022G, compared to (124,550,741) Saudi Riyals, representing (73%) of total revenues as of June 30, 2023G, (137,913,717) Saudi Riyals, representing (63%) of total revenues as of June 30, 2024G, and (92,307,847) Saudi Riyals, representing (75%) of total revenues as of December 31, 2024G. The Company may face risks of suspension, cancellation, termination, or non-renewal of contracts concluded with governmental and semi-governmental entities if any changes, or regulatory, financial, or public spending restrictions occur that may affect the volume, scope, timing, and duration of contracts and procurements. Risks of reliance on governmental and semi-governmental entities also include risks of delays in collection from these entities. Debtor balances from these entities amounted to (3,187,871) Saudi Riyals, representing (28%) of total debtor balances and (2.09%) of the Company's total revenues as of June 30, 2022G, and (20,570,127.90) Saudi Riyals, representing (86%) of total debtor balances and (12.04%) of the Company's total revenues as of June 30, 2023G, compared to (30,699,848) Saudi Riyals, representing (89%) of total debtor balances and (14.11%) of total revenues as of June 30, 2024G, and (8,117,724) Saudi Riyals, representing (26%) of total debtor balances and (7%) of the Company's total revenues as of December 31, 2024G.

If the Company is unable to maintain good and stable relationships with its clients from governmental and semi-governmental entities for any reason, including but not limited to: the Company's inability to renew contracts upon their expiration or the contracting entity's unwillingness to renew, amendment of contract terms and conditions to become incompatible with the Company's interests, the Company's inability to comply with contract provisions leading to its termination or amendment, or termination or withdrawal of the contract at the client's request, any of these would lead to a decrease in the Company's revenues or fluctuations in its sales and profits. Consequently, the Company's business, financial performance, and future prospects will be affected.

2.1.3. Risks related to delay in payment of government projects

The company's dealings with government and semi-government entities are subject to the procedures for the disbursement of dues as defined by the Government Tenders and Procurement Law and its executive regulations. These procedures go through several stages as follows:

- Stage One: The company, as the contractor, upon completing a portion of the work, prepares a summarized statement of the executed work in accordance with the payment terms specified in the contract and submits it to the consultant or directly to the government entity in the absence of a consultant.
- Stage Two: The project's consultant, upon receiving the summarized statement, inspects the completed work and prepares a report. This report is then submitted along with the summarized statement within ten working days from the date of receipt of the payment request.
- Stage Three: The government entity completes the approval procedures for the summarized statement and submits the payment order to the Ministry of Finance within fifteen working days from the date it receives the consultant's or the contractor's report.
- Stage Four: The Ministry of Finance disburses the payment within not more than sixty days from the receipt of the payment order. If the payment order is returned to the government entity for amendments or clarification, the period begins from the date the government entity re-sends the payment order after completing the necessary adjustments.
- Stage Five: In case of a dispute between the project's consultant and the contractor, the consultant must notify the contractor, attaching any reservations, within ten working days of receiving the claim. The government entity is then required to resolve the dispute within fifteen working days of receiving the claim. During this period, the government will disburse the entitlements not subject to dispute.

The payment procedures are subject to delays at any of the stages mentioned above, such as delays in inspecting the completed work and preparing the report, or delays in the issuance of the payment order by the Ministry of Finance during its administrative processes. There could also be situations requiring the payment order to be returned to the government entity for adjustments or clarification, or a dispute between the project consultant and the company. Any of these factors may lead to delays in the government entity's payment of dues to the company for completed projects, which could affect the company's revenues or liquidity, thus negatively impacting the company's operations, financial position, and results.

2.1.4. Risks related to concentration of major customers

The Company's dealings are concentrated with a specific base of clients. The value of transactions with key clients amounted to (76.6) million Saudi Riyals, representing (50.2%) of the Company's revenues for the financial year ended June 30, 2022G, and (91.8) million Saudi Riyals, representing (53.8%) of the Company's revenues for the financial year ended June 30, 2023G, compared to (112.4) million Saudi Riyals, representing (51.6%) of the Company's revenues for the financial year ended June 30, 2024G, and (53.9) million Saudi Riyals, representing (43.2%) of the Company's revenues for the financial period ended December 31, 2024G. The Company's dealings during the period covered by this document are concentrated with two main clients, such that the value of these dealings constitutes (26%) of the Company's total revenues for the year 2024G and (13%) for the period ended December 31, 2024G of accrued revenues for which invoices have not yet been issued for payment as of the end of the 2024G financial year. The percentage of the Company's revenues from the top five key clients, primarily governmental entities, was (57.5%) of total revenues for the 2021G financial year, noting that this percentage witnessed a gradual decrease until it reached (51.6%) during the year 2024G and 33.5% for the period ended December 31, 2024G, due to the Company's strategy to expand its client base and attract other service lines. However, the risks of the Company's transaction concentration with its key clients still exist, such that the Company's profitability is linked to the continuation of dealings with key clients and will be materially adversely affected if dealings with any of them are terminated. The Company may also face a decline in its ability to negotiate for more profitable prices and more favorable contract terms since its dealings are concentrated with clients from governmental entities for continuous periods, which will negatively affect its profit margins independently. If the Company does not succeed in regularly monitoring its client concentration levels and assessing the risks associated with these dealings to develop plans aimed at mitigating them, the Company's revenues will decline if it loses any of its key clients due to contract termination and non-renewal, or the entry of new competitors and the Company's inability to keep up with competition and market trends. This will materially adversely affect the Company's operational and financial results, its financial position, and its future prospects.

2.1.5. Risks related to the company's inability to adapt to customer requirements

The information technology and communications sector is one of the sectors affected by changes in customer preferences and market trends. Any change in customer desires and requirements may affect the Company's products and services. For example, the Company may have to keep pace with developments in the information technology and communications sector and customer trends towards using artificial intelligence. If the Company is unable to adapt to customer requirements, the Company's products and services will become less in demand and less effective for its clients. Adapting the Company to changes in market trends may also incur time and cost in project implementation. If the Company becomes unable to provide new products and services that meet customer desires, this will have a material adverse effect on the Company's business, financial position, and results of operations.

2.1.6. Risks related to the company's inability to keep pace with sector developments

The information technology and communications sector is characterized by rapid technological changes, including changes and developments in communications and the use of information technology in various sectors. The Company's future success depends on its ability to introduce and keep pace with these developments in implementing its projects within an effective timeframe and at an acceptable cost. There is no guarantee that the Company will succeed in providing these updates or responding to them according to customer requirements. There is also no guarantee that if new or advanced services are introduced, they will be in demand by customers. Consequently, the Company's inability to continuously meet the developments in the information technology and communications sector, especially concerning emerging technologies, will have a material adverse effect on the Company's business, financial position, and results of operations.

2.1.7. Risks of Reliance on Key Suppliers

In its operations in business services and digital solutions, the Company relies on a number of key suppliers with whom dealings are on a contractual basis. The value of the Company's transactions with the top (5) key suppliers amounted to (42,614,356) Saudi Riyals, representing (35.00%) of the Company's cost of sales and (27.92%) of total purchases for the financial year ended June 30, 2022G, and (45,886,872) Saudi Riyals, representing (34.67%) of the Company's cost of sales and (28.55%) of total purchases for the financial year ended June 30, 2023G, compared to (40,550,782) Saudi Riyals, representing (25.37%) of the cost of sales and (23.00%) of total purchases for the financial year ended June 30, 2024G, and (38,922,403) Saudi Riyals, representing (44%) of the cost of sales and (18%) of total purchases for the financial period ended December 31, 2024G.

If the Company's dealings are materially concentrated on its key suppliers, or in the event of a disruption or interruption in their business, or in the event of the termination of the existing relationship with key suppliers or a change in the terms and conditions of contracts concluded with the Company, this will have a material adverse effect on the Company's business and consequently on its results of operations, financial performance, and future prospects.

2.1.8. Risks related to the concentration of the company's revenues

In previous financial years, the Company's revenues were mainly concentrated in a specific sector, which is the Enterprise Services sector. Revenues from this sector amounted to (89,445,689) Saudi Riyals, representing (59%) of total revenues as of June 30, 2022G, and (90,160,482) Saudi Riyals, representing (53%) of total revenues as of June 30, 2023G, compared to (116,121,637) Saudi Riyals, representing (53%) of total revenues as of June 30, 2024G, and (70,877,415) Saudi Riyals, representing (57%) of total revenues as of December 31, 2024G. If the Company's revenues from this sector decline for any reason, including but not limited to: the entry of new competitors offering services at lower fees than those requested by the Company, or a decline in the effectiveness of the Company's marketing plan and failure to attract new clients, this may lead to a decline in the Company's overall revenues, thereby adversely affecting its profits, financial performance, results of operations, and future prospects.

2.1.9. Risks related to the inability to implement the company's strategic plan

The Company's future performance depends on its ability to successfully implement its objectives and achieve its current strategies. The Company's ability to implement its current strategies is subject to various factors, some related to its internal procedures and policies, such as increasing the number of employees, training, and motivating them, and some beyond its control, such as changes in the regulatory environment and local and global economic performance.

If the Company is unable to achieve its objectives and strategies for any reason, this will materially adversely affect the Company's business, financial position, results of operations, and future prospects. There is also no guarantee that the Company's successful implementation of its strategy will positively reflect on its results of operations. The Company may incur additional costs, including attracting competent employees and assigning additional tasks to external parties (specialized consultants) to work on preparing the necessary studies to reach alternative plans and develop new strategies, which will materially adversely affect the Company's business, financial position, results of operations, and future prospects.

2.1.10. Risks related to the company's reputation

The Company's reputation is a fundamental factor in maintaining its current clients, attracting new clients, and establishing strong relationships with counterparties. The Company's reputation may be damaged in the future due to factors including a decline in the Company's financial results, legal or regulatory actions taken against the Company, or the conduct of one of its employees that may cause the Company to breach applicable regulatory requirements. Damage to the Company's reputation will adversely affect its business, financial position, results of operations, share profitability, and future prospects.

2.1.11. Risks related to failure to obtain or renew the necessary licenses, permits and Certificates

The Company is subject to many laws and regulations that require it to obtain a number of necessary licenses, permits, and approvals from the competent regulatory authorities in the Kingdom to conduct its business. The Company, as a (license holder), must comply with the specific terms and conditions of each license and certificate it has obtained. If the Company is unable to do so, it may not be able to renew these licenses and certificates or obtain other new licenses that it may require from time to time for the purposes of expanding its activities.

This may result in the suspension or disruption of the Company's business or the imposition of financial fines on it by governmental authorities, thereby materially adversely affecting the Company's business, financial position, results of operations, and future prospects.

2.1.12. Risks related to any member of the Board of Directors engaging in business that competes with the company's business

Some members of the Company's Board of Directors or senior executives may compete with the Company, either through their membership on other boards of directors or through ownership in businesses that fall within the scope of the Company's business and are similar to the Company's business or compete with its business directly or indirectly. In the event of a conflict of interest between the Company's business on the one hand and the business of Board members or senior executives on the other hand, this will have a material adverse effect on the Company's business, financial position, results of operations, and future prospects.

Furthermore, some Board members and senior executives may have access to the Company's internal information and may use such information for their private interests or in a manner that conflicts with the Company's interests and objectives. If Board members and senior executives who have interests conflicting with the Company's interest have a negative influence on the Company's decisions, or if they use the information available to them about the Company in a manner detrimental to its interests, this will have a material adverse effect on the Company's business, financial position, results of operations, and future prospects.

2.1.13. Risks related to transactions with related parties

The Group has conducted transactions with its related parties. These parties include: shareholders, senior executives, Board members, and establishments that are directly or indirectly controlled or significantly influenced by shareholders, Board members, or senior executives. The value of transactions with related parties amounted to (30,284,595) Saudi Riyals, representing (54.3%) of total liabilities and (28.1%) of total assets as of June 30, 2022G. As for the financial year ended June 30, 2023G, the value of transactions with related parties amounted to (51,380,481) Saudi Riyals, representing (57.4%) of total liabilities and (32.3%) of total assets. Whereas the value of the Company's transactions with related parties amounted to (39,235,016) Saudi Riyals, representing (26.1%) of total liabilities and (16.2%) of total assets for the financial year ended June 30, 2024G, and for the financial period ended December 31, 2024G, the value of transactions with related parties amounted to (64,937,216) Saudi Riyals, representing (34%) of total liabilities and (21%) of total assets.

In accordance with the provisions of the Companies Law and its executive regulations, all transactions with related parties must be subject to the approval of the Company's Board of Directors and General Assembly. Therefore, the Company has committed to obtaining the approval of the General Assembly held on 29/06/1444H (corresponding to 22/01/2023G) for transactions with related parties for the financial year ended June 30, 2022G. As for transactions with related parties that took place during the financial year ended June 30, 2023G, they were approved by the General Assembly held on 15/06/1445H (corresponding to 28/12/2023G), and for transactions with related parties that took place during the financial year ended June 30, 2024G, they were approved by the (Ordinary) General Assembly held on 30/03/1446H (corresponding to 03/10/2024G). If the Company's General Assembly does not approve the renewal of contracts concluded with related parties, the Group will be forced to search for other parties to contract with to execute the works currently assigned to related parties. Also, if the Company is unable to find a suitable alternative to the currently contracted related parties within a reasonable timeframe, or if the Group is forced to conclude alternative contracts on terms that may not align with its strategic plan and objectives, this may cause the Company to incur additional costs to conclude such contracts. If transactions and agreements with related parties in the future are not conducted on purely commercial terms, this will materially adversely affect the Company's business, financial position, results of operations, and future prospects.

2.1.14. Risk Associated with the Collection of the Company's Accounts Receivable

The company's operations rely on its ability to collect receivables from its clients on time in exchange for completed work. The table below presents the aging of accounts receivable as of June 30, 2022, 2023, and 2024, and for the financial period ended December 31, 2024.

Table Number (2): Accounts receivable Aging

Table of ages of account receivables	30 June 2022		30 June 2023		30 June 2024		31 December 2024	
	Value (SAR)	Percentage (%)	Value (SAR)	Percentage (%)	Value (SAR)	Percentage (%)	Value (SAR)	Percentage (%)
Undeserved	2,234,503	18%	17,077,715	66.75%	12,959,180	35.08%	15,786,226	51%
From 1 day to 90 days	5,940,887	48%	4,508,134	17.62%	17,057,298	46.17%	8,664,334	28%
From 91 days to 180 days	1,420,117	%11	945,849	3.70%	1,391,696	3.77%	663,995	%2
From 181 days to 270 days	2,355,456	19%	2,492,350	9.74%	1,429,376	3.87%	172,526	1%
From 271 days to 365 days	0	0%	381,976	1.49%	3,065,233	8.30%	1,351,446	4%
More than 365 days	450,419	4%	180,302	0.70%	1,038,073	2.81%	4,259,544	14%
Total receivables	**12,401,382**	**100%**	**25,586,326**	**100%**	**36,940,856**	**100%**	**30,898,071**	**100%**
Provision for expected credit losses	**1,198,336**	**9.66%**	**1,666,625**	**6.51%**	**2,518,198**	**6.82%**	**3,782,282**	**12.24%**
Net receivables	**11,203,049**		**23,919,701**		**34,422,658**		**27,115,789**	

Source: Company

The table below shows the movement of expected credit losses for the years ended 30 June 2022, 2023 and 2024 and the financial period ended 31 December 2024:

Table Number (3): Movement of Expected Credit Losses

Expected credit loss movement	30 June 2022	30 June 2023	30 June 2024	31 December 2024
	Value (SAR)	Value (SAR)	Value (SAR)	Value (SAR)
Balance as at 01 July	561,341	1,198,336	1,666,625	2,518,198
Charged/(reverse) during the period/year	636,995	468,289	851,573	1,264,084
Closing balances	**1,198,336**	**1,666,625**	**2,518,198**	**3,782,282**

Source: Company

Accounts receivable mainly consist of amounts due from customers. The outstanding balances amounted to SAR 11.2 million, SAR 23.9 million, SAR 34.4 million, and SAR 27.1 million as of June 2022, 2023, 2024, and December 2024, respectively. The increase in receivables correlates proportionately with the revenue generated during these years.

The company has uncollected receivables amounting to SAR 2.2 million as of December 2024, falling under the category of receivables aged over 365 days. A provision of SAR 1.5 million was recorded as of December 2024, resulting in a remaining balance of SAR 0.7 million. Failure to collect these amounts could negatively impact the company's financial results, position, and future outlook.

Regarding receivables from government entities, the net balance increased from SAR 11.2 million in June 2022 to SAR 27.1 million in December 2024 due to increased revenues. As of December 2024, the company has collected SAR 15.1 million out of a total SAR 30.9 million in receivables from government entities.

2.1.15. Risks Related to Contingent Liabilities

The company seeks to maintain the continuity of its current projects while also working to secure new projects to enhance revenue levels and support future growth. In this context, the company holds a backlog of secured projects — these are projects that have been contracted but are not yet completed or invoiced. As of December 2024, the total value of this accumulated backlog amounted to SAR 330.5 million. Projects related to the company's top five clients represent 31.9% of this total, while the remaining SAR 225.1 million are attributable to other clients.

The expected gross profit margin from the undelivered portion of the backlog for the top five clients stands at 15.0%, aligning with the actual margin achieved under the company's cost-plus pricing policy (15%). For other clients, the undelivered margin is 15.8% compared to an actual margin of 20%. The average undelivered gross margin for the total backlog is estimated at 16.2%, which is 7.5 percentage points lower than the historical actual gross margin as of the end of December 2024. This may indicate a potential decline in future profitability margins.

It is worth noting that the company's inability to achieve expected margins or accurately forecast future profit margins for secured projects could result in significant adverse impacts on its financial performance, operational results, and future outlook. Additionally, the company cannot guarantee that clients will fulfill their obligations and settle outstanding dues when due, nor can it accurately predict their future ability to pay. This uncertainty may have a material and adverse effect on the company's business operations, financial performance, and future prospects.

2.1.16. Risks Related to Contingent Liabilities

The Group may be exposed to certain contingent liabilities, including but not limited to obligations related to zakat, taxes, legal proceedings, and other operational commitments. As of the financial period ended December 31, 2024, the Company reported contingent liabilities totaling SAR 32,212,782, primarily attributable to issued bank guarantees.

Should any of these liabilities materialize in the future, they would have a material and adverse effect on the Group's financial condition, financial position, operating results, and future projections.

2.1.17. Liquidity Risks

Liquidity risk refers to the group's potential inability to meet its financial liabilities as they become due. The group's obligations include loans, trade payables, lease liabilities to lessors, and accrued expenses. The group may not be able to fulfill its current or future obligations on time. The company's quick ratio was 2.08 times for the year ended June 30, 2022, 1.55 times for the year ended June 30, 2023, and 1.36 times for the year ended June 30, 2024. For the period ending December 31, 2024, the ratio is 1.5%. Additionally, the cash ratio (cash and cash equivalents / current liabilities) was 67.95% for the year ended June 30, 2022, 39.07% for the year ended June 30, 2023, 9.59% for the year ended June 30, 2024, and 10% for the period ended December 31, 2024.

If the group fails to meet its obligations, it will be exposed to financial losses, which will negatively impact the group's business, performance, and financial position.

2.1.18. Financing related risks

As of the date of this document, the group has entered into several Islamic-compliant financing agreements and credit facilities with local banks, as follows:

On 18/08/1445H (corresponding to 28/02/2024G), the group renewed the credit facility agreement with Al Rajhi Banking and Investment Corporation (Al Rajhi Bank). Additionally, the company renewed its banking facilities agreement with the Saudi Fransi Bank on 15/09/1444H (corresponding to 05/04/2023G). Furthermore, on 02/07/1445H (corresponding to 14/01/2024G), the company entered into a credit facilities agreement with the Saudi Awwal Bank. These agreements are primarily used to meet working capital requirements, provide initial guarantees, final guarantees, performance bonds, and to enter into projects with government and semi-government entities, subject to bank approval. All amounts utilized under these agreements are guarantees issued for projects, with each guarantee having a different expiration date.

It is noteworthy that, on 13/10/1444H (corresponding to 03/05/2023G), the company signed an ICT sector financing contract with the Social Development Bank, with a credit limit of SAR 8,500,000.

The table below provides a summary of the credit facilities as of December 31, 2024

Table Number (4): Credit Facilities Summary

Funding entity	Date of End of Facilities Agreement	Credit Limit (SAR)	Amount Utilized (SAR)	Amount Repaid (SAR)	Payment Schedule	Notes
Al Rajhi Banking Corporation For investment	27/05/1447H (corresponding to 18/11/2025G)	35,000,000	19,169,791.84	No specific amount	Paid as per repayment schedule	Utilized amount is paid, external sources, no scheduled maturity, ongoing repayment until full settlement
Saudi Fransi Bank	29/11/1446H (corresponding to 27/05/2025G)	22,000,000	10,742,532.27	No specific amount	Paid as per repayment schedule	Utilized amount is paid, external sources, no scheduled maturity, ongoing repayment until full settlement
Saudi Awwal Bank	22/09/1446H (corresponding to 06/02/2025G)	20,000,000	3,081,129.17	No specific amount	Paid as per repayment schedule	Utilized amount is paid, external sources, no scheduled maturity, ongoing repayment until full settlement
Social Development Bank	02/10/1446H (corresponding to 31/03/2025G)	8,500,000	8,500,000	6,071,426.57	Quarterly	None.

Source: Company

The company has provided guarantees and collaterals to obtain these facilities, which included: corporate guarantee declarations provided by the company, promissory notes made in the company's name, a guarantee of performance and liability provided by the company, and a guarantee for financing small and medium enterprises. The agreements signed also included conditions and commitments for the company, such as ensuring that Al Rajhi Banking and Investment Corporation would not issue any shares, alter any rights related to issued shares, distribute or pay out any dividends or other distributions, or make any changes to the capital without prior written approval from the bank.

If the company fails to meet its repayment obligations under the credit facilities agreements, or if it is unable to provide any additional guarantees that may be requested by the banks, or breaches any future obligations or commitments regarding the debts it owes, the lenders may demand immediate repayment of the debts and seize the guarantees provided by the company. In this case, the company may not be able to obtain sufficient alternative financing sources to fulfill its debt repayment. Any of these factors would have a negative and significant impact on the company's operations, financial position, and future expectations.

2.1.19. Risks related to personal guarantees

The company relied on a personal guarantee issued in the name of the CEO and main shareholder, Ali bin Mohammed bin Rashid Al-Ballaa, for an amount of SAR 20,000,000 as part of the guarantees provided to obtain the credit facilities from the Saudi Awwal Bank. Therefore, if the provided guarantee is canceled or any other personal guarantees are offered in the future to obtain facilities from future funding entities, or if the company is unable to secure support and guarantees from the mentioned shareholder or any other major shareholders who may provide personal guarantees in the future, it will be difficult for the company to obtain the required bank facilities. In such a case, the lenders may demand immediate repayment of the loans and facilities, which will have a significant and substantial negative impact on the group's operations, financial position, and results.

2.1.20. Risks related to the availability of future financing

The company may need to obtain loans and bank facilities to finance expansion plans in the future. It is worth mentioning that obtaining financing depends on the company's capital, financial position, cash flows, provided guarantees, and credit history. The company does not provide any assurance or guarantee regarding its ability to secure appropriate financing if needed. Therefore, if the company is unable to obtain the financing it needs from funding entities, or if it receives financing under unfavorable terms, it will have a significant and substantial negative impact on the company's performance, operations, and future plans.

2.1.21. Risks related to existing and potential zakat entitlements

The group has submitted its Zakat and tax declarations to the Zakat, Tax, and Customs Authority for all years since its establishment up to June 30, 2024. It is currently awaiting the final Zakat assessments. It is worth noting that the group submits its Zakat and tax declarations within the designated deadlines and pays the dues annually, in accordance with the applicable tax regulations in the Kingdom. Accordingly, the company obtained Certificate No. (1112551096) dated 28/04/1446H (corresponding to 31/10/2024G), confirming that the company has filed its declaration for the period ending June 30, 2024, which is valid until 08/05/1447H (corresponding to 30/10/2025G).

Amount paid against zakat amounting to SAR 752,608 for the year ended June 30, 2022, SAR 730,105 for the year ended June 30, 2023, SAR 1,125,499 for the year ended June 30, 2024, and SAR 1,850,215 for the period ended December 31, 2024. Provision booked for zakat amounted to SAR 1,581,198 as of June 30, 2022, provision for zakat and income tax stood at SAR 2,486,702 as of June 30, 2023, SAR 4,420,719 as of June 30, 2024, and

SAR 4,509,570 for the period ended December 31, 2024.

The group has not received any Zakat assessments or refunds from the Zakat, Tax, and Customs Authority since its establishment up to the date of this report.

The group cannot predict whether the Authority will accept its Zakat estimates for all previous years from its inception through the year ending June 30, 2024, or if it will demand the payment of any future Zakat differences related to these years. In such a case, the company, as the Zakat-paying entity, would bear the responsibility for these differences. If the Zakat authority demands the company to pay such differences in the future, it could have a significant negative impact on the company's profits, operational results, financial position, and future projections.

2.1.22. Risks relating to existing and potential lawsuits, claims, arbitrations and administrative proceedings

As of the date of this document, the company (and its subsidiaries) is not a party to any ongoing lawsuit. However, the company has previously been a party to one labor lawsuit filed against it, in which the company was the defendant, with a total value of SAR 88,501 (for more information, please refer to subsection (4.12) "Legal Disputes" in section (4) "Legal Information and Declarations of Board Members" of this document).

Like other companies, the company and its subsidiaries are exposed to lawsuits and claims due to the nature of their activities and dealings with third parties in the course of conducting their business. These lawsuits may include, but are not limited to, matters related to zakat, taxes, labor issues, and other damages resulting from negligence or fraud by individuals or institutions that are beyond the company's control. Therefore, the company cannot accurately predict the cost of lawsuits or legal proceedings that may arise in the future, whether initiated by the company or its subsidiaries or filed against them. Furthermore, the company cannot predict the final outcomes of such lawsuits or the rulings issued, including any potential compensations or penalties. As a result, any negative outcomes from such cases may have a material adverse effect on the group and its operational results.

2.1.23. Risks related to Trademark and Intellectual Property

The Company's ability to market its products and develop its business depends on the use of its name, logo and trademarks, which support its business and competitive position and give it a clear distinction in the market among customers. The Company has registered all its trademarks with the competent authorities (for more information, please see subsection (4.11) " Trademarks and Intellectual Property Rights " of section (4) " Legal Information and Declarations of the Board of Directors " of this document). Any infringement of intellectual property rights or illegal use of the Company's trademarks will affect the Company's reputation, and lawsuits and claims will be filed before the competent courts to protect these rights. This is a costly process that requires a great deal of time and effort by the management to follow up. If the Company fails to effectively protect its trademark when renewing the registration Certificate or tracking similar trademarks, this will negatively affect its value, which will negatively affect the Company's business, results of operations, financial position and prospects.

2.1.24. Risks Related to Insurance Coverage

The Company has compulsory medical and vehicle insurance policies. These insurance contracts include deductible amounts and factors excluded from insurance coverage, in addition to other restrictions related to insurance coverage negotiated with insurance companies. The Company's ability to obtain the compensation due to it from the relevant insurance company depends on its financial solvency and ability to meet the value of this compensation. Therefore, the insurance may not cover all losses incurred by the Company, and no guarantee is given that the Company will not incur losses exceeding the limits of the insurance policies or outside the scope of coverage contained in these policies. Cases may arise in which the value of the claim exceeds the value of the insurance held by the Company, or that the compensation claim submitted by the Company to the relevant insurance company may be rejected, or that the claim and compensation period may be prolonged, which will negatively affect the Company's business, future prospects, results of operations and financial position.

2.1.25. Risks Related to the Labor Law, Job Localization and Foreign Workforce

The company falls within the "Platinum" category and is classified as a "Medium Category C" establishment within the "IT Solutions" activity, according to the classification of the Business Localization Incentive Program under the "Developers" scope. As of April 2025, the company achieved a Saudization rate of 79%, with a total of 192 employees, including 154 Saudi nationals and 38 non-Saudis. If the company fails to maintain this rate or if the Ministry of Human Resources and Social Development imposes stricter localization policies in the future and the company is unable to comply with these requirements, it may face penalties imposed by government authorities, such as suspension of work visa applications and sponsorship transfers for non-Saudi employees. Such measures would have a significant negative impact on the company's operations, financial standing, and future results and outlook.

The Saudi Labor Law and its executive regulations require all employers to have written employment contracts with employees, issued in at least two copies. Additionally, the Ministry of Human Resources and Social Development has mandated that employment contracts be documented electronically via the "Qiwa" platform, starting from contract registration, updating job titles, wages, and qualifications, until the termination or end of the contractual relationship, in accordance with Ministerial Decision No. (75506) dated 05/05/1444H (corresponding to 29/11/2022G). As of the date of this Transfer Document, the Company is partially non-compliant, as not all electronic employment contracts for its employees have been documented. Failure by any establishment to document employee contracts constitutes a violation of the Labor Law and its implementing regulations and subjects the Company to a fine of SAR 1,000 per employee whose contract is not documented. The fine is multiplied by the number of violating employees, as stipulated in the Table of Violations and Penalties issued under Ministerial Resolution No. (75913) dated 19/05/1445H (corresponding to 03/12/2023G), applicable to companies classified under Category (A) and employing 50 or more workers.

Such non-compliance may have a negative impact on the Company's business, financial position, operating results, and future projections.

2.1.26. Risks related to employee behavior and errors

The Company may encounter employee errors or misconduct, and the Company cannot guarantee the avoidance of employee misconduct or errors such as fraud, intentional errors, embezzlement, fraud, theft, forgery, misuse of its property and acting on its behalf without obtaining the required administrative authorizations. Accordingly, such actions may result in consequences and responsibilities borne by the Company, or regulatory penalties, or financial liability, which will negatively affect the Company's reputation, financial position, results of operations and prospects.

2.1.27. Risks related to reliance on key employees

The company relies on the capabilities and expertise of its key employees, so the company's success in achieving its goals depends on retaining its employees and attracting and employing qualified and experienced people to work for it. Therefore, the company is required to retain these employees or attract others with experience. To achieve this, the company will have to bear the costs of financial fees for non-Saudi employees and their families and bear the increase in the cost of living or part thereof directly or indirectly by raising their wages. On the other hand, the company must attract and retain Saudi talent to ensure long-term continuity and adherence to the laws and regulations of the labor system in the Kingdom of Saudi Arabia. In addition, in the event of any change in the policies and regulations in force in the Kingdom, this may affect the company's ability to attract and retain talent. If the company is unable to achieve the above, this will negatively and materially affect the company's business, financial position, results of operations and future prospects.

2.1.28. Risks related to the lack of experience in managing companies listed on the main market

Although the senior management of the company has experience in managing the company as a publicly traded joint-stock company listed on the parallel market for more than two years, their experience may be relatively limited due to the recent listing of the company. Their experience may also not be sufficient to manage listed joint-stock companies in the main market and to comply with the regulations and laws for companies listed on the Saudi Stock Exchange (Tadawul), such as adhering to continuous disclosure requirements that listed companies in the main market are subject to. Therefore, the company's senior management must make additional efforts to ensure compliance with the rules and regulations imposed on companies listed on the Saudi Stock Exchange's main market. If the company fails to comply with these rules or neglects governance and disclosure requirements, it could subject the company to regulatory sanctions, fines, and public announcements, which would adversely and significantly affect its operations, expectations, and financial position.

2.1.29. Risks related to management decisions

The Company's business results depend primarily on the ability of its management to make the right and appropriate decisions regarding its business and activities at the right time. If the Company's management makes wrong decisions regarding its business, this will negatively affect the Company's performance, results of operations and financial position.

2.1.30. Risks Related to the Company's Non-Compliance with Disclosure Requirements

The company, being a public joint stock company listed on the Saudi Stock Exchange, is obligated to the market to disclose matters that must be disclosed in accordance with the rules for offering securities and continuing obligations.

The company's commitment to disclose matters that must be disclosed is an ongoing commitment on its part, and it must provide information to the financial market by presenting all matters that arise in its activities and business, which may It has an impact on the decision of investors to invest in the company's shares or not. The company must adhere to continuous disclosure of important matters that must be published to the financial market immediately upon their occurrence.

The Company's failure or delay in disclosing those matters that must be disclosed in accordance with the provisions of the Securities Offering and Continuing Obligations Rules constitutes a violation of the Capital Market Law and its regulations and the market's rules and procedures , which may expose it to accountability by the Capital Market Authority, which will have a negative and material impact on its reputation and the performance of its shares.

2.1.31. Risks Related to Non-Compliance with the Capital Market Law and Its Implementing Regulations

The Company is subject to all mandatory provisions and articles stipulated in the Capital Market Law and its implementing regulations and the circulars and guidelines issued by the Capital Market Authority, with the exception of provisions and articles that are advisory or do not apply to the Company. In the event that the Company is unable to comply with these regulations and rules to which it is subject, it will be subject to penalties such as temporarily suspending trading in shares or canceling the listing of the Company's shares in the event of non-compliance, which will negatively affect the Company's business, results of operations, financial performance and profitability .

2.1.32. Risks related to non-compliance with the requirements of the Companies Law

The Companies Law imposes certain regulatory requirements that the company must adhere to. This requires the company to take measures and procedures to comply with the requirements of the Companies Law, which may affect its business plan or take a long time. The current Companies Law also imposes strict penalties for violating its provisions and mandatory rules, which may reach five hundred thousand (500,000) Saudi riyals according to Article (262) thereof. Article (263) of the Companies Law stipulates that penalties shall be doubled in the event of repeated violations. Accordingly, the company may be subject to such penalties in the event of its failure to comply with these rules and provisions, which would negatively and materially affect the company's business, financial position and results of its operations.

2.1.33. Risks Related to the Implementation of the Corporate Governance Regulations

The Capital Market Authority (CMA) Board issued the Corporate Governance Regulations pursuant to Resolution No. (8-16-2017) dated 16/05/1438H (corresponding to 13/02/2017G), based on the Companies Law issued by Royal Decree No. (M/3) dated 28/01/1437H (corresponding to 11/11/2015G). These were amended by the CMA Board Resolution No. (8-5-2023) dated 25/06/1444H (corresponding to 18/01/2023G), based on the Companies Law issued by Royal Decree No. (M/132) dated 01/12/1443H (corresponding to 30/06/2022G). Although the Corporate Governance Regulations are considered guiding for companies listed on the Parallel Market, paragraph (c) of Article (2) specified that some provisions are mandatory for companies listed on the Parallel Market (Nomu). These include:

Paragraph (c) of Article (13): General and special assemblies of shareholders shall be convened by invitation from the Board of Directors, in accordance with the provisions stipulated in the Companies Law, its implementing regulations, and the Company's Bylaws. The Board of Directors must call for an ordinary general assembly to convene within thirty days from the date of a request by the auditor, the audit committee, or a number of shareholders whose ownership represents at least (10%) of the company's shares with voting rights. The auditor may call for the ordinary general assembly to convene if the Board of Directors does not call for it within thirty days from the date of the auditor's request.

Paragraph (b) of Article (50): For committee meetings to be valid, a majority of its members must be present. Its resolutions shall be passed by a majority vote of those present. In the event of a tie, the side with which the chairman of the meeting voted shall prevail.

Paragraph (a) of Article (51): An audit committee shall be formed by a resolution of the Company's Board of Directors, comprising shareholders or others, provided that it does not include any executive members of the Board of Directors. The number of audit committee members must not be less than three and not more than five, and one of them must be specialized in financial and accounting affairs.

Article Fifty-Two: Which defined the mandate, powers, and responsibilities of the Audit Committee.

Article Fifty-Six: Which defined the powers of the Audit Committee.

Article Eighty-Eight: Audit Committee Report

a) The Audit Committee's report must include details of its performance of its mandates and tasks stipulated in these Regulations, and it must include its recommendations and opinion on the adequacy of the internal and financial control systems and risk management in the Company.

b) The Board of Directors must deposit sufficient copies of the Audit Committee's report at the Company's head office and publish it on the Company's website and the market's website when the invitation to convene the General Assembly is published, to enable shareholders who wish to obtain a copy. A summary of the report shall be read during the General Assembly meeting.

The Company has taken measures related to the application of the mandatory provisions of the Corporate Governance Regulations issued by the Capital Market Authority. The Board of Directors approved the amendment of the Company's own governance regulations by a resolution passed by circulation on 29/10/1444H (corresponding to 01/06/2023G) and confirmed by an in-person Board of Directors resolution dated 10/03/1444H (corresponding to 25/09/2023G). It should be noted that these instructions are under continuous legislative amendment and development, especially with the new Companies Law coming into effect. Furthermore, after its transition to the Main Market, the Company is obligated to apply all mandatory provisions imposed by the Corporate Governance Regulations on companies listed on the Main Market. Therefore, the inability of the Board of Directors members and committee members to carry out their specified responsibilities in a manner that ensures the protection of the Company's and its shareholders' interests will affect the application of the governance system in the Company. Also, non-compliance by the Company with the continuous disclosure requirements after transitioning to the Main Market, or its failure to apply any of the mandatory provisions contained in the Corporate Governance Regulations, will have a material adverse effect on the Company's future business, financial position, and operational results.

It is worth mentioning that the Board of Directors has adopted a number of policies and regulations formulated in accordance with the Corporate Governance Regulations issued by the Capital Market Authority, in preparation for submitting the application to transition to the Main Market. All these policies are approved in accordance with the Corporate Governance Regulations. The success of the Company in the correct application of these policies and regulations depends on their proper understanding and awareness by the Board of Directors, its committees, and senior executives in the Company, especially concerning the governance of the Board and its committees, particularly policies related to conflicts of interest and transactions with related parties. Since these amendments are new, the Board of Directors, its committees, and senior executives in the Company may face difficulties in quickly adapting to and applying them, which could lead to the Company's non-compliance and violation of the Corporate Governance Regulations, thereby having a material adverse effect on the Company's business, results of operations, financial position, and future prospects.

2.1.34. Risks Related to Employees Costs and other Expenses

During the period covered by this document, employee costs and other expenses have experienced changes, including an increase in the number of active projects from 47 in the year 2022 to 77 in the year 2024, and (82) in the financial period ending December 31, 2024. This contributed to the rise in adjusted revenues from SAR 138.9 million in the fiscal year 2022 to SAR 215.0 million in the fiscal year 2024, and (124.6) in the period ending December 31, 2024, alongside the company's listing in the parallel market in fiscal year 2022. These changes have led to an increase in the fixed cost base, with other operating expenses growing at a faster rate than revenues.

Regulatory changes and increased business activity have caused other operating expenses to rise more rapidly than revenues from the fiscal year 2022 to 2024. If the company fails to reduce employee costs as a percentage of revenue and cannot accurately project future profits considering the fixed cost base, as well as any negative shifts in the company's business sectors or future business outlook related to these sectors, such factors could lead to a significant decline in the company's revenue and profits. Such outcomes would adversely and substantially affect the company's operations, financial position, operational results, and prospects.

2.1.35 Risks Related to Net Working Capital

The company has relatively low net working capital requirements, primarily due to the inclusion of reciprocal items in subcontracting agreements, allowing management to finance its current assets largely through its current liabilities. This is attributed to cash amounts collected from clients and, secondly, the deferred payment of supplier dues until cash is received from clients.

Subsequent collections from the five largest trade receivables (which make up 80% of the total balance), subsequent invoicing for all contract assets with a focus on the five largest (which make up 53% of the total balance of contract assets), and the nature of advance payments for the five largest contractual obligations (which make up 76% of the total balance). Accordingly, the company must monitor its net working capital on a monthly basis to gain a more detailed understanding of liquidity requirements, as failure to do so will negatively impact the company's operations, financial position, and future projections.

2.1.36 Risks Related to lease agreements

The company has entered into several lease contracts as of the preparation date of this document, all of which are electronically registered on the Ejar platform except for one contract.

It is worth noting that the Cabinet Resolution No. 292, dated 16/05/1438H (corresponding to February 13, 2017), stipulates that an unregistered lease contract on the electronic network will not be considered valid for administrative or judicial purposes. The electronic network for leasing services was launched in collaboration between the Ministries of Justice and Housing on 17/05/1439H (corresponding to February 3, 2018). Additionally, the Ministry of Justice issued Circular No. 13/T/8843 on 19/12/1443H (corresponding to July 18, 2022), confirming that legal claims related to unregistered leases will not be considered unless the parties fulfill the registration requirements.

As of this document's preparation date, the company has one lease contract that is not registered on the Ejar platform, which may deprive the company of the benefits afforded to registered contracts. If any lease contracts are executed without electronic registration and disputes arise, Saudi courts may not consider claims related to unregistered contracts, preventing the company from protecting its rights. This could have a material adverse effect on the company's business and future prospects.

2.1.37 Risks Related to Project Cost Estimates

The Company may face obstacles in accurately tracking the profitability of its projects due to the process of estimating project costs, which may experience several fluctuations. These fluctuations may be attributable to the method of calculating this cost and the method of using certain pricing assumptions when submitting its bids to conclude related contracts. For example, the Company may rely on a variable cost-plus pricing method, whereby the service price is determined by adding a profit margin to the total variable costs. The profit margin is expected to contribute to covering all or part of the fixed costs and achieving a certain level of profit. However, fixed costs may experience an unexpected increase not anticipated by the Company when submitting the bid to conclude the contract, such as the human resources that will be hired or the human resources that will be utilized to complete the project, and their salaries.

And if the Company is unable to effectively limit factors of project cost fluctuations, it will face an increase in actual project costs over initial estimates without being able to claim the additional incurred costs from the client. This will have a material adverse effect on the Company's business, financial position, results of operations, and future prospects.

2.1.38 Risks Related to Financing

The Company does not rely heavily on external financing; rather, it has an investment portfolio with financial assets amounting to SAR 67.9 million (SAR 57.2 million in liquid short-term investments) which can be used for financing. The Company has not had to resort to drawing down external debt or bank loans to cover any working capital needs. The total investment position transformed from SAR 26.0 million in June 2022G to SAR 67.9 million in June 2024G and SAR (163,071,182) as of December 31, 2024G. Net working capital as a percentage of revenue remained within a range of 2% to 7% from June 2022G to December 2023G. However, the increasing number of projects and delays in invoicing led to an increase in net working capital to (14.6%) in June 2024G, and it decreased by a negative (21.3%) as of December 31, 2024G, due to subsequent billing delays. The Company has reinvested profits into a diversified investment portfolio. Consequently, the Company must assess the need for potential future financing for net working capital to the extent that the upward trend observed in June 2024G and December 31, 2024G continues, so that these risks do not materially adversely affect the Group's business, financial position, results of operations, and future prospects.

2.1.39 Risks Related to Project Assets and Liabilities

Gross contract assets increased significantly from SAR (13.4) million in June 2022G to SAR (82.7) million in June 2024G and SAR (36.05) million as of the financial period ended December 31, 2024G. This was a result of an increase in the number of projects implemented by the Company, in addition to an increase in the number of clients facing delays in invoice approvals (semi-governmental and governmental).

It is worth noting that the three most important platforms contributed significantly to the increase in the balance, reaching SAR (33) million in June 2024G, and the balance reached SAR (35.78) million in the period ended December 31, 2024G.

Based on the top five projects and the Company's contractual obligations as of June 2024G (representing about 76% of total contract assets), and as of December 2024G (representing about 66% of contract assets), there are no existing contractual agreements for advance payments, and services are primarily obtained from temporary subcontractors who sometimes request advance payments. Consequently, management considers the contract assets balance to be fully collectible. However, there is a risk of billing delays, especially for government-related projects. Contract liabilities have also increased, particularly concerning subcontractors in workforce services. As a result, the Company is exposed to liquidity risks due to payment delays. Accordingly, management should maintain an aging schedule for these unbilled balances and ensure timely invoicing to avoid further accumulation of balances. This is so that it does not adversely affect the Company's business, results of operations, financial position, and future prospects.

2.2. Risks related to the market and sector in which the issuer operates

2.2.1. Risks related to the Kingdom's economic performance

The Company's expected future performance depends on a number of factors related to the economic conditions in the Kingdom in general, including, but not limited to, inflation factors, GDP growth, average per capita income, and the like. The Kingdom's macro and micro economy primarily depends on oil and oil industries, which still dominate a large share of the Gross Domestic Product. Accordingly, any unfavorable fluctuations in oil prices will have a direct and substantial impact on the Kingdom's economic plans and growth in general, and on government spending rates, which in turn would negatively affect the Company's financial performance, given its operation within the Kingdom's economic system and its susceptibility to government spending rates. If the volume of government costs and expenditures related to providing information technology services is reduced, which may lead to the suspension or cancellation of current and future contracts, noting that the Company's revenues from governmental and semi-governmental clients amount to (73%) of the Company's revenues as of June 30, 2024G, and (74%) of the Company's revenues as of December 31, 2024G, this will materially affect the Company's performance and financial results.

The continued growth of the Kingdom's economy also depends on several other factors, including continued population growth and investments by the governmental and private sectors in infrastructure. Therefore, any negative change in any of these factors will have a significant impact on the economy and consequently will materially adversely affect the Company's business, financial results, and future prospects.

2.2.2. Risks related to the political and economic instability in the region and its impact on the company's operations

The Company's financial performance depends on the prevailing economic and political conditions in the Kingdom, in addition to global economic conditions that, in turn, affect the Kingdom's economy. Many countries in the Middle East region suffer from political or security instability at present, and there are no guarantees that the political, security, and economic conditions in those countries or any other countries will not have a negative impact on the Kingdom's economy or foreign direct investment therein, or on the financial markets in the Kingdom in general. These factors may affect the Company's business, results of operations, financial position, and future prospects.

Any major unexpected changes in the political or economic environment in the Kingdom or any other country in the Middle East, including, but not limited to: normal market fluctuations, economic recession, high unemployment rates, technological shifts, and other developments, could materially adversely affect the Company's business, results of operations, financial position, and future prospects.

2.2.3. Risks related to non-compliance with existing laws and regulations and/or changes in the regulatory environment

The Company is subject to the supervision of a number of government agencies in the Kingdom, including but not limited to the Ministry of Commerce, the Zakat, Tax and Customs Authority and the Capital Market Authority. Accordingly, the Company is subject to the risks of changes in the laws, regulations, circulars and policies in the Kingdom. The legislative and regulatory environment in the Kingdom witnesses the issuance of a number of laws and regulations that are subject to change and update. Any changes in this environment may result in the Company incurring costs to comply with them. In the event that any changes are made to the current laws or regulations, or new laws or regulations are issued, this may result in the Company incurring additional unexpected financial expenses for purposes related to compliance with those laws and meeting the requirements of those regulations, or the Company may be subject to penalties and fines imposed by the competent supervisory authorities in the event of its failure to comply with these laws and regulations on an ongoing basis, which may adversely affect its business, results of operations, financial position and future prospects.

2.2.4. Risks related to natural disasters

Any damage from natural disasters to the Company's facilities such as floods, fires, earthquakes and other natural events for which there is no adequate insurance coverage or that are not available on commercially reasonable terms, may result in significant costs to the Company. It also severely affects the Company's ability to perform and conduct its operations and thus reduce its operating results. In the event of natural disasters that damage the Company's facilities and assets, this will have a material adverse effect on the Company's business, results of operations, financial position and future prospects.

2.2.5. Risks related to the competitive environment

The Company operates in a highly competitive environment, and there is no guarantee that the Company will continue to be able to compete effectively with other companies in the market. The pricing policies of the Company's competitors also significantly affect its financial performance, and the Company may be unable to continue to compete with those companies, which will lead to a reduction in the Company's market share and thus have a material negative impact on the Company's business, results of operations, financial position and future prospects.

2.2.6. Risks related to the competition law and its implementing regulations

If the Company attains a dominant position in the market or is classified as such by the General Authority for Competition, the Company's activities will be subject to the terms and controls stipulated in the Competition Law issued by Royal Decree No. (M/75) dated 29/06/1440H (corresponding to 06/03/2019G) and its executive regulations issued by the General Authority for Competition pursuant to Resolution No. (337) dated 25/01/1441H (corresponding to 24/09/2019G). The Competition Law aims to protect fair competition in Saudi markets and to encourage and entrench market rules, price freedom, and transparency. In the event the Company violates the provisions of the Competition Law and a judgment is issued against the Company regarding this violation, it is likely that the Company will be subject to significant fines at the discretion of the General Authority for Competition, not exceeding (10%) of the annual sales value (revenue) subject to the contract, or not exceeding ten million Saudi Riyals if the annual revenue cannot be calculated. In addition, the General Authority for Competition has the right to request the temporary or permanent suspension (partially or wholly) of the Company's activities in the event of repeated violations by the Company. Furthermore, litigation procedures may be financially costly for the Company and may take a long time to be decided. The occurrence of any of these aforementioned risks may have a material adverse effect on the Company's business, financial position, results of operations, and future prospects.

2.2.7. Risks related to adverse changes in interest rates

The Company relies on obtaining financing and facilities from external financing entities such as commercial banks for its expansion and development of its products and services. Therefore, its external financing arrangements are significantly affected by interest rates, which in turn are highly sensitive to a number of factors beyond the Company's control, including government, monetary and tax policies, and local and global economic and political conditions. An increase in interest rates from financing costs and interest costs may lead to a decrease in the Company's cash flows. Accordingly, negative fluctuations in interest rates may have a material adverse effect on the Company's business, results of operations, financial position and future prospects.

2.2.8. Risks Related to Value Added Tax (VAT)

The Kingdom issued the Value Added Tax Law, which came into effect on January 1, 2018G. This law imposes a value-added tax of (5%) on a number of products and services as stipulated in the law. The Kingdom's government decided to increase the VAT rate from (5%) to (15%), which began to be applied from July 2020G. Consequently, relevant establishments must understand the nature of VAT, how to apply it, and how to calculate it. They will also have to submit their own reports to the relevant government authorities. Accordingly, the Company must adapt to the changes resulting from the application of VAT, which include its collection and remittance, and the impact of applying the VAT system on the Company's business. The application of VAT in the Kingdom has led to an increase in the prices of most goods and services, including the Company's products and services. There are currently no existing claims or objections related to VAT. According to the "Guidance on VAT Provisions in Economic Activity" (updated September 2021G), fines and penalties are imposed on taxable persons for violating the provisions and conditions of the VAT Law. In this case, fines and penalties are borne by the Company as the taxable person in the event of any violation or incorrect application of the tax system by the Company's management. This may also damage its reputation, which will also increase operational costs and expenses, potentially reducing the Company's competitive position and the level of demand for its products and services, thereby having a negative impact on the Company, its financial position, results of operations, and future prospects. It is noted that the Company has paid VAT amounts of SAR (17,730,696) for the financial year ended June 30, 2022G, compared to SAR (24,794,020) for the financial year ended June 30, 2023G, SAR (16,361,461) for the financial year ended June 30, 2024G, and SAR (23,702,070) for the financial period ended December 31, 2024G.

2.3. Risks related to securities listed on the main market

2.3.1. Risks related to potential fluctuations in the share price

The Company's share price may be subject to fluctuation after transitioning from the Parallel Market to the Main Market and to severe fluctuations in price and trading volume. Such market fluctuations may lead to significant changes in the share price, which could cause a decline in the value of the shares, with an increase in price volatility if trading volume decreases. The share price may be adversely affected by several factors, including but not limited to: market conditions related to equities, any regulatory changes in the sector, deterioration of the Company's business results, inability to implement future plans, entry of new competing companies, the general economic situation of the Kingdom, and changes in the vision or estimates of experts and analysts for the securities market. There is no guarantee that the market price of the Company's shares immediately after its transition to the Main Market will not fall below the closing price in the last trading session on the Parallel Market, which would negatively affect investors.

2.3.2. Risks Related to Forward-Looking Statements

Future results and performance data of the Company cannot be confirmed or predicted, and may differ from those contained in this document, as the Company's achievements, operations and financial performance are the factors that determine actual results, which cannot be predicted or determined. Accordingly, the inaccuracy of data and results is one of the risks that the shareholder must be aware of so that it does not affect his investment decision.

2.3.3. Risks related to the sale or offering of additional shares in the future

If the Company decides to issue new shares in the future for the purpose of expanding its activities or to extinguish accumulated losses, and the necessary regulatory approvals are obtained, this may lead to a negative impact on the share price in the market or a decrease in the shareholders' ownership percentage in the Company if they do not invest in the new shares at that time.

2.3.4. Risks associated with selling a large number of shares in the market after the transition to the main market

The sale of a large number of shares of the Company after the completion of the transition or the anticipation of such a transaction will adversely affect the market prices of these shares. The sale of a large number of shares by existing shareholders (particularly a large shareholder owning 5% or more of the issuer's shares) may adversely affect the issuer's shares, and thus reduce their market price.

2.3.5. Risks related to non-distribution of profits to shareholders

Future distribution of profits depends on several factors, including but not limited to: future profits, financial position, capital requirements, distributable reserves of the Company, general economic conditions, analysis of investment opportunities and needs and other relevant factors that the Board of Directors may consider important from time to time, and on the basis of which the Board of Directors will decide whether or not to submit any recommendation to the General Assembly of Shareholders to distribute profits in the future. The Company does not provide any guarantee whatsoever that the Board of Directors will recommend the distribution of dividends or that the shareholders will approve the Board of Directors' recommendation to distribute any dividends at the General Assembly meetings. The Company also does not provide any guarantee regarding the amounts that will be paid as dividends in any specific year, as these distributions are subject to the restrictions and conditions stipulated in the Companies Law and the Company's Articles of Association.

2.3.6. Risks related to the effective control by major shareholders over the interests of the company and other shareholders

Major shareholders, individually or with other shareholders, may be able to control decisions that require shareholder approval, such as mergers, acquisitions and asset sales, the election of board members, increasing or decreasing capital, issuing or not issuing additional shares, distributing dividends, approving important company contracts and transactions, or amending the articles of association of the company. In the event of any event in which the interests of major shareholders conflict with the interests of other shareholders, such that major shareholders exercise their control over the company in a manner that may affect the company's business, financial position, results of operations, or future prospects.

2.3.7. Risks related to the suspension of trading or cancellation of the company's shares because of not publishing its financial statements within the statutory period

If the company is unable to publish its financial information within the statutory period imposed in the main market (within a period not exceeding thirty days from the end of the financial period covered by the interim financial statements and a period not exceeding three months from the end of the annual financial period covered by the annual financial statements), the procedures for suspending listed securities shall be applied in accordance with the listing rules issued by the Saudi Stock Exchange, which stipulate that the market shall suspend trading in securities for a period of one trading session following the end of the statutory period. In the event that the financial information is not published within twenty trading sessions following the first suspended trading session, the Saudi Stock Exchange shall announce the re-suspension of the company's securities until it announces its financial results. If the suspension of trading in the company's shares continues for a period of six months without taking appropriate measures to correct such suspension, the Authority may cancel the listing of the company's securities. The Saudi Stock Exchange shall lift the suspension after one trading session following the announcement of the company's financial results. However, if the company delays announcing its financial results, or If it is unable to publish it within the statutory period referred to above, this will result in the suspension of its shares or the cancellation of their listing, which will have a negative and material impact on the interests of the company's shareholders, its reputation and the results of its operations.

2.3.8. Risks related to failure to meet liquidity requirements on the main market after the transition

The company must meet the liquidity requirements required to transition to the main market and not breach these requirements after the transition process, as the liquidity requirements represent an ongoing obligation the company. Any breach of the liquidity requirements may cause the suspension of trading in the company's shares. In the event of a breach of these requirements, the necessary measures must be taken to ensure their fulfillment within the time period specified by the market, after coordination with the Capital Market Authority. The company must continuously inform the market of any developments regarding corrective measures, which may, for example, be represented by the major shareholder selling a number of his shares to the public in a manner that ensures the requirements are met. Failure to take corrective measures has a negative and material impact on the company.

3. Purpose of transition to the main market

3.1. Fulfillment of the Conditions for Transition from the Parallel Market to the Main Market

- On 09/10/1445H (corresponding to 18/04/2024G), the Board of Directors approved the transition of the Issuer's shares from the Parallel Market to the Main Market. This was based on the Listing Rules issued by the Saudi Tadawul Company and approved by the Capital Market Authority (CMA) Board Resolution No. (3-123-2017) dated 09/04/1439H (corresponding to 27/12/2017G) and its subsequent amendments; based on the Rules on the Offer of Securities and Continuing Obligations issued by the CMA Board Resolution No. (3-123-2017) dated 09/04/1439H (corresponding to 27/12/2017G) and its subsequent amendments; and based on the Capital Market Law issued by Royal Decree No. (M/30) dated 02/06/1424H (corresponding to 31/07/2003G) and its subsequent amendments.
- The Board of Directors deemed it in the best interest of the Issuer and its shareholders to benefit from the available options stipulated in the Listing Rules regarding the transition from the Parallel Market to the Main Market and the advantages accruing to the Issuer and its shareholders. It is noted that on 28/07/1443H (corresponding to 01/03/2022G), the Company's shares were directly listed on the Parallel Market, and thus it has completed two calendar years as stipulated in paragraph (a) of Article Forty-Four of the Listing Rules.
- Based on the shareholders' register dated 08/12/1446H (corresponding to 04/06/2025G), the Company meets the liquidity requirements in accordance with sub-paragraph (b) of Article Seven of the Listing Rules for the shares subject to the request for transition to the Main Market.
- Based on the shareholders' register dated 20/12/1446H (corresponding to 18/05/2025G), the issuer has met the additional criteria related to liquidity availability in the shares subject to the transfer request to the Main Market under Tier Four. The number of public shareholders (those holding 2,000 shares or more) has reached 603 shareholders, with ownership totaling (28,697,908) shares, which represents (47.830%) of the company's total shares.
- The Issuer has also met the total market capitalization requirement during the twelve months preceding the date of submitting the transition request to the Main Market to Saudi Tadawul.
- The Issuer has also met the governance requirements for the Main Market.

3.2. Company Vision

To be the preferred partner in delivering impactful technology solutions and products, and to be among the best workplaces in the Kingdom of Saudi Arabia.

3.3. Company mission

Driving change in people's lives through business and technology.

3.4. Company Strategy

3.4.1. Strategic priorities and targets for the year 2024:

Saudi Azm strategy has been designed to align with future visions, internal capabilities, and market opportunities, and was executed through four strategic priorities pursued during the fiscal year 2024:

- Expansion and growth in business and technology services.
- Adopting concepts and mechanisms for planning and delivering our services that place the customer as their primary focus.
- Providing services with greater flexibility, efficiency and effectiveness.
- Enhancing the company's work environment to be one of the best workplaces in the Kingdom of Saudi Arabia.

Key targets were linked to these strategic priorities, a clear implementation plan was developed with detailed implementation paths and initiatives, and the necessary governance was put in place to ensure the quality of implementation and monitor timelines to ensure the company's targets are achieved according to the plan.

3.4.2. Strategy Initiatives

Several basic initiatives have been put in place to work towards achieving the strategic priorities set out in the company's strategy, and appointing those responsible for them and working on them in the company's various departments. These include:

1. Initiatives for the first phase of "Expansion and Growth in Business and Technology Services"

- Initiative to expand technical development capabilities.
- Initiative to New Product Development.
- Initiative to Develop the Management Consulting Arm.
- Initiative to Public Sector Partnership Product Development.

2. Initiatives specific to the priority of "adopting concepts and mechanisms for planning and delivering our services that place the customer as their primary focus"

- Initiative to Increase Customer Retention Rate.

3. Initiatives for the priority of "Delivering services with greater flexibility, efficiency and effectiveness"

- Initiative to review the organizational structure design.
- Initiative to review and develop policies and procedures.

4. Initiatives related to the priority of "Enhancing the company's work environment to become one of the best workplaces in the Kingdom of Saudi Arabia"

- Initiative to develop the Human Capital Strategy.
- Initiative to improve employee satisfaction.

3.5. Company's strengths and competitive advantages

- The company is keen to have the best talents and leaders in its consulting and technical field of work, through a clear methodology in attracting and maintaining human resources, and keenness to develop them and enhance their skills.
- A broad, stable and diverse customer base.

- Outstanding financial and executive performance since the company's inception.
- Building technical capabilities and methodologies that help speed up the implementation of systems and projects.

3.6. General activities of the company

- The Company's revenues are distributed by sector as shown in the table below:

Table Number (5): Distribution of company revenues by sectors

Sectors	30 June 2022		30 June 2023		30 June 2024		31 December 2024	
	Value	Ratio	Value	Ratio	Value	Ratio	Value	Ratio
Enterprise Services	89,445,689	58.6%	90,160,481	52.8%	116,121,637	53.4%	70,877,415	56.9%
Advisory	39,198,581	25.7%	24,515,351	14.4%	24,607,203	11.3%	17,185,616	13.8%
Proprietary technologies	9,333,691	6.1%	40,642,972	23.8%	58,942,518	27.1%	23,443,967	18.8%
Platforms for third parties	14,582,507	9.6%	15,510,232	9%	17,967,020	8.2%	13,125,789	10.5%
Total	**152,560,468**	**100%**	**170,829,037**	**100%**	**217,638,378**	**100%**	**124,632,787**	**100%**

Source: Audited Consolidated Financial Statements for the fiscal years ended June 30, 2022, 2023, 2024 and financials period ended December 31, 2024

- The company's revenues are distributed by the nature of customers as shown in the table below:

Table Number (6): Distribution of company revenues by customers

Clients	30 June 2022		30 June 2023		30 June 2024		31 December 2024	
	Value	Ratio	Value	Ratio	Value	Ratio	Value	Ratio
Private entities	32,504,693	21.3%	46,278,296	27.1%	79,724,661	36.6%	32,324,940	25.9%
Government agencies	85,500,721	56%	95,538,136	55.9%	119,306,994	54.8%	70,427,355	56.5%
Semi-governmental bodies	34,555,054	22.7%	29,012,605	17%	18,606,723	8.6%	21,880,492	17.6%
Total	**152,560,468**	**100%**	**170,829,037**	**100%**	**217,638,378**	**100%**	**124,632,787**	**100%**

Source: Audited Consolidated Financial Statements for the fiscal years ended June 30, 2022, 2023, 2024 and financials period ended December 31, 2024

3.7. Governance, Regulations and Internal Policies

- According to Article Two (2) of the Corporate Governance Regulations, this regulation is mandatory for companies listed on the main market, with the exception of provisions that are referred to as indicative.
- Corporate governance aims to create a system that enables the company to be led and directed. This system includes procedures for regulating the various relationships within the company between shareholders (through annual shareholders meetings or extraordinary meetings) and the board of directors on the one hand, and between the board of directors and executive directors on the other hand, in addition to regulating the company's relationship with stakeholders, by establishing special rules and procedures to facilitate the decision-making process in the company's affairs, and to give these decisions a character of transparency and credibility; to protect the rights of shareholders and stakeholders and to achieve justice, competitiveness and transparency in the market. While governance does not provide detailed mechanisms for making daily decisions, each company has its own distinctive character and objectives; which requires these companies to develop their own governance regulations, in accordance with the systems, regulations and instructions issued by the Authority, and in particular the Corporate Governance Regulations.
- On 16/05/1438H (corresponding to 13/02/2017G), the Capital Market Authority issued a governance regulation for joint-stock companies whose shares are listed on the financial market (Tadawul), whereby this regulation became mandatory for companies, with the exception of provisions that are indicated as indicative. The regulation was amended pursuant to the Authority's Board Resolution No. (8-5-2023) dated 25/06/1444H (corresponding to 18/01/2023G) based on the Companies Law issued by Royal Decree No. (M/132) dated 01/12/1443H (corresponding to 30/06/2022G).
- The board of directors of any listed company shall establish governance rules specific to the company that do not conflict with the mandatory provisions stipulated in the Corporate Governance Regulations. It shall monitor their implementation, verify their effectiveness, and amend them when necessary, provided that the Authority, shareholders, and the public are notified of any amendments made to the governance regulations.
- As of the date of this document , the Company has an updated Governance Regulations in accordance with the amendments to the Governance Regulations issued by the Capital Market Authority, which were approved by the Board of Directors at its meeting held by circulation 29/10/1444H (corresponding to 01/06/2023G) and were documented in the Board of Directors' in-person resolution held on 10/03/1444H (corresponding to 25/09/2023G).
- In order for the company to implement the mandatory rules of the Corporate Governance Regulations issued by the Authority, as it wishes to move to the main market and will be subject to all the mandatory provisions included in the Governance Regulations, the company has updated its governance regulations, as the Board of Directors and the General Assembly of Shareholders have approved, in addition to the Governance Regulations, a number of internal regulations and policies according to the following:

Table Number (7): Summary of Internal Policies and Regulations		
Regulations / Policy	**Accreditation by the Board of Directors**	**Accreditation by the General Assembly**
Corporate governance regulations	It was approved by the Board of Directors meeting held by circulation 29/10/1444H (corresponding to 01/06/2023G) and was confirmed in the Board of Directors' in-person decision held on 10/03/1444H (corresponding to 25/09/2023G).	-
Audit Committee Working Regulations	It was approved at the Board meeting held by circulation 25/10/1444H (corresponding to 15/05/2023G) and was confirmed in the Board of Directors' in-person decision held on 10/03/1444H (corresponding to 25/09/2023G).	It was approved by the Extraordinary General Assembly held on 29/11/1444H (corresponding to 18/06/2023G).
Nominations and Remuneration Committee Regulations	It was approved at the Board meeting held by circulation 25/10/1444H (corresponding to 15/05/2023G) and was confirmed in the Board of Directors' in-person decision held on 10/03/1444H (corresponding to 25/09/2023G).	It was approved by the Extraordinary General Assembly held on 29/11/1444H (corresponding to 18/06/2023G).
Remuneration Policy for the Board of Directors, its Committees and Executive Management	- Approved at the Board meeting held on 05/04/1444H (corresponding to 30/10/2022G)	It was approved by the Extraordinary General Assembly held on 29/06/1444H (corresponding to 22/01/2023G).
Board Membership Policy	It was approved at the Board meeting held by circulation 25/10/1444H (corresponding to 15/05/2023G) and was confirmed in the Board of Directors' in-person decision held on 10/03/1444H (corresponding to 25/09/2023G).	It was approved by the Extraordinary General Assembly held on 29/11/1444H (corresponding to 18/06/2023G).
Standards and conditions governing a board member's competition with the Company or any of its Branches	It was approved at the Board meeting held by circulation 25/10/1444H (corresponding to 15/05/2023G) and was confirmed in the Board of Directors' in-person decision held on 10/03/1444H (corresponding to 25/09/2023G).	It was approved by the Extraordinary General Assembly held on 29/11/1444H (corresponding to 18/06/2023G).
AZM social responsibility policy	Minutes of the Board of Directors meeting held on12/03/1443H (corresponding to 18/10/2021G)	It was approved by the Extraordinary General Assembly held on 29/11/1444H (corresponding to 18/06/2023G).
Disclosure and conflict of interest policy	Minutes of the Board of Directors meeting held on 12/11/1442H (corresponding to 22/06/2021G)	Approved by the Ordinary General Assembly held on 16/11/1442H (corresponding to 26/06/2021G).
Approval of the matrix of powers	Minutes of the Board of Directors meeting held on 12/03/1443H (corresponding to 18/10/2021G)	It was approved by the Ordinary General Assembly on 17/03/1443H (corresponding to 23/10/2021G).
Policy Disclosure procedures and commitment to confidentiality of information	Minutes of the Board of Directors meeting held on 12/11/1442H (corresponding to 22/06/2021G)	-
Work Regulations / Bylaws	Minutes of the Board of Directors meeting held on 12/11/1442H (corresponding to 22/06/2021G)	-
Manual and Policy Development Plan	Minutes of the Board of Directors meeting held on 12/11/1442H (corresponding to 22/06/2021G)	-

Regulations / Policy	Accreditation by the Board of Directors	Accreditation by the General Assembly
Dividend Policy	It was approved by the Board meeting held by circulation 29/10/1444H (corresponding to 01/06/2023G) confirmed by the Board's decision held on 10/03/1444H (corresponding to 25/09/2023G)	-
Professional Conduct and Ethical Values Policy	Minutes of the Board of Directors meeting held on 12/03/1443H (corresponding to 18/10/2021G)	-
Rewards Policy	Minutes of the Board of Directors meeting held on 05/04/1444H (corresponding to 30/10/2022G)	-
Human Resources Policy	Minutes of the Board of Directors meeting held on 10/03/1444H (corresponding to 25/09/2023G)	-
Succession plan	Minutes of the Board of Directors meeting held on 10/03/1444H (corresponding to 25/09/2023G)	-
Complaints and Reporting Policy	Minutes of the Board of Directors meeting by circulation the date 29/10/1444H (corresponding to 01/06/2023G) confirmed by the decision of the in-person Board held on 10/03/1444H (corresponding to 25/09/2023G)	-
Board of Directors Procedures Policy	Minutes of the Board of Directors meeting by circulation the date 29/10/1444H (corresponding to 01/06/2023G) confirmed by the decision of the in-person Board held on 10/03/1444H (corresponding to 25/09/2023G)	-
Company Employee Rewards Policy	It was approved by the decision of the Managing Director No. ((04-02-24) dated 23/07/1445H (corresponding to 04/02/2024G) pursuant to the authorization of the Board of Directors No. (25-09-23)	-
Risk Management Policy	Board meeting minutes dated 25/02/1446H (29/08/2024G)	-

Source: Company

3.8. Dividend distribution

- In accordance with Article (38) of the Articles of Association, shareholders are entitled to their share of the dividends as determined by the resolution of the General Assembly. The resolution specifies the entitlement date and the distribution date. Entitlement to dividends shall be for shareholders registered in the shareholders' register at the end of the entitlement date. The Board of Directors is required to implement the resolution of the General Assembly regarding the distribution of dividends to shareholders.
- The Company has not distributed any dividends during the fiscal years 2021, 2022, 2023, and 2024.

4. Legal Information and Declarations of the Board of Directors

4.1. About the company

4.1.1. Company Name

- The company is registered in the commercial register under the trade name: "Saudi AZM for Communication and Information Technology Company."

4.1.2. History and establishment

- Saudi Azm for Communications and Information Technology Company was initially established as a limited liability company with a capital at incorporation of fifty thousand (50,000) Riyals, divided into fifty thousand (50,000) shares of equal value, each valued at one (1) Riyal. These were distributed between two partners: the first partner, Saudi Azm Holding Company, held shares with a total value of forty-seven thousand five hundred (47,500) Riyals, and the second partner, Ali Mohammed Rashid Al-Balla, held shares with a total value of two thousand five hundred (2,500) Riyals. This was pursuant to the Articles of Association audited by the Ministry of Commerce and Investment and authenticated by the Notary Public under number (39380322) dated 11/03/1439H (corresponding to 29/11/2017G).
- On 11/03/1439H (corresponding to 29/11/2017G), the Company was registered in the Commercial Register in the city of Riyadh under number (1010918075).
- On 13/03/1440H (corresponding to 21/11/2018G), the two partners decided to increase the Company's capital from fifty thousand (50,000) Riyals to five hundred thousand (500,000) Riyals. The increase of (450,000) Riyals was made through cash contributions (by capitalizing part of the retained earnings), which were deposited into the Company's bank account as per the bank certificate issued in this regard. The value of a single share was also raised from one (1) Riyal to ten (10) Riyals, making the capital after the increase five hundred thousand (500,000) Riyals, divided into fifty thousand (50,000) shares of equal value, each share valued at ten (10) Riyals. These were distributed between the two partners such that the total value of shares for the first partner, Saudi Azm Holding Company, amounted to twenty-five thousand (25,000) Riyals, and for the second partner, Ali Mohammed Rashid Al-Balla, four hundred and seventy-five thousand (475,000) Riyals. The amended contract was authenticated by the Notary Public at the Ministry of Commerce under number (40455084) dated 13/03/1440H (corresponding to 21/11/2018G).
- On 20/04/1440H (corresponding to 27/12/2018G), partner Ali Mohammed Rashid Al-Balla decided to assign a portion of his shares in the Company, numbering forty-five thousand (45,000) shares with a value of four hundred and fifty thousand (450,000) Riyals, representing (90%) of the Company's capital, to the second partner in the Company (Saudi Azm Holding Company), whereby its ownership in the Company's capital became (95%). This was pursuant to the amended Articles of Association authenticated by the Notary Public under deed (40715647) dated 20/04/1440H (corresponding to 27/12/2018G).
- On 11/02/1441H (corresponding to 10/10/2019G), the two partners decided to amend the Company's Articles of Association, add new activities, and expand the Company manager's authorities, without making any changes to the ownership of the Company's capital.
- On 16/08/1442H (corresponding to 29/03/2021G), the two partners decided to increase the Company's capital from five hundred thousand (500,000) Saudi Riyals to thirty million (30,000,000) Riyals, divided into three million (3,000,000) cash shares of equal value, with each share valued at ten (10) Riyals. This

was done by capitalizing an amount of twenty-nine million five hundred thousand (29,500,000) Riyals from the retained earnings account as of December 31, 2020G, in accordance with the report of the Company's auditor (KPMG Professional Consultations, issued on March 28, 2021G). Based on this capital increase, the first partner, Saudi Azm Holding Company, came to own two million nine hundred ninety-seven thousand five hundred (2,997,500) shares with a total value of twenty-nine million nine hundred seventy-five thousand (29,975,000) Riyals, constituting (99.91%) of the Company's capital. The number of shares for the second partner, Ali Mohammed Rashid Al-Balla, amounted to two thousand five hundred (2,500) shares with a total value of twenty-five thousand (25,000) Riyals, representing (0.09%) of the Company's capital. This was pursuant to the amended electronic Articles of Association documented with the Ministry of Commerce under number (14774) dated 16/08/1442H (corresponding to 29/03/2021G).

- On 05/11/1442H (corresponding to 15/06/2021G), the partner Saudi Azm Holding Company decided to assign (2,850,500) shares with a value of (28,505,000) Riyals from its total shares in Saudi Azm Company, amounting to (2,997,500), to partner Ali Mohammed Rashid Al-Balla for (626,743) shares, and (2,223,757) shares to (76) new partners, bringing the total number of partners in the Company to (78). All partners also decided to convert the Company's legal entity from a limited liability company to a closed joint-stock company, retaining all its rights, obligations, employees, licenses, and all its financial, technical, administrative, and executive classifications, and with the same capital of thirty million (30,000,000) Riyals, while retaining the Company's Commercial Registration number, name, and date after the conversion. This was pursuant to the partners' resolution dated 22/10/1442H (corresponding to 03/06/2021G), which was audited by the Ministry of Commerce under application number (281200), and approved by the Ministry of Commerce official under number (100004896) dated 05/11/1442H (corresponding to 15/06/2021G).
- On 22/10/1442H (corresponding to 03/06/2021G), Ministerial Resolution No. (Q/11574) was issued, approving the license for the conversion of Saudi Azm for Communications and Information Technology Company from a limited liability company to a (closed joint-stock company).
- On 11/11/1442H (corresponding to 21/06/2021G), the Shareholders' General Assembly (Transformational Assembly) approved the conversion of the Company from a limited liability company to a closed joint-stock company and approved the Company's articles of association.
- On 13/11/1442H (corresponding to 23/06/2021G), the resolution of His Excellency the Minister of Commerce and Industry No. (Q/11575) was issued, approving the announcement of the conversion of Saudi Azm for Communications and Information Technology Company from a limited liability company to a (closed joint-stock company).
- The Company was registered in the Joint Stock Companies Register in the city of Riyadh under Commercial Registration certificate number (1010918075) dated 11/03/1439H (corresponding to 29/11/2017G), which expires on 17/12/1447H (corresponding to 03/06/2026G).
- On 16/11/1442H (corresponding to 26/06/2021G), the (Extraordinary) General Assembly of the Company's shareholders approved the direct listing registration of the Company's shares on the Parallel Financial Market (Nomu).
- On 25/05/1443H (corresponding to 29/12/2021G), the Company obtained the approval of the Capital Market Authority to register its shares for the purpose of direct listing on the Parallel Market.
- On 28/07/1443H (corresponding to 01/03/2022G), the Company's shares were listed and trading commenced, and it converted from a closed joint-stock company to become a public joint-stock company (Tadawul symbol 9534).

- On 29/11/1444H (corresponding to 18/06/2023G), the (Extraordinary) General Assembly decided to amend the Company's Bylaws and split the Company's shares from ten (10) Riyals to make the nominal value per share fifty halalas (0.50) Riyals, and to amend the number of shares from three million (3,000,000) shares to become sixty million (60,000,000) shares.
- On 09/10/1445H (corresponding to 18/04/2024G), the Board of Directors of Saudi Azm for Communications and Information Technology Company approved the Company's transition from the Parallel Market (Nomu) to the Main Market (Tasi).
- The Company's current capital amounts to thirty million (30,000,000) Saudi Riyals, divided into sixty million (60,000,000) nominal shares of equal value, with each having a nominal value of (0.50) Saudi Riyals (fifty halalas), all of which are ordinary and fully paid shares.
- As of the date of preparing this Transition Document, the number of major shareholders in the Company (those who own 5% or more of the Company's shares) was three major shareholders: (1) Majid Saad Hamoud Al-Osaimi (owns 12,260,000 shares representing 20.433% of the total capital), (2) Ali Mohammed Rashid Al-Balla (owns 12,244,860 shares representing 20.408% of the total capital), and (3) Ibrahim Abdulrahman Mohammed Al-Qunibit (owns 3,031,504 shares representing 5.053% of the total capital).
- The following table shows the details of the ownership of shares in the issuer:

Table Number (8): Current ownership structure of the issuer

Name	Number of shares	Total share value (Saudi Riyals)	Direct ownership percentage
Majed bin Saad bin Hamoud Al-Ousaimi	12,260,000	6,130,000	20.433%
Ali bin Mohammed bin Rashid Al-Ballaa	12,244,860	6,122,430	20.408%
Ibrahim Abdul Rahman Mohammed Al-Qunaibit	3,031,504	1,515,752	5.053%
Ahmed bin Abdul Aziz bin Mohammed Al-Haqbani	26,248	13,124	0.044%
Omar bin Fahed bin Abdul Rahman Al-Jeraisy	4,101	2,050.5	0.007%
Omar bin Fahd bin Abdul Karim Al- Sunaidi	26,967	13,483.5	0.045%
Ismail bin Saeed Al-Qahtani	603,206	301,603	1.005%
Haytham bin Naeem bin Mohammed Hanoun	928,733	464,366.5	1.548%
Rawan bint Hisham bin Ahmed Al-Sharhan	17,788	8,894	0.030%
Sarah bint Musa bin Abdullah Al Ismail	42,597	21,298.5	0.071%
Emad bin Abdul Rahman bin Abdul Aziz Al-Huwail	53,010	26,505	0.088%
Moath bin Abdul Rahman Mansour	13,445	6,722.5	0.022%
Rayan Ali Mohammed Salem Al-Sharif	7,627	3,813.5	0.013%
Sultan Hamad Sulaiman Al-Hussan	2,000	1,000	0.03%
Firas Almosli	2,000	1,000	0.03%
Ain Development Investment Company is a one-person company.	82,540	41,270	0.138%

Saudi AZM Company for Communications and Information Technology	1,101,408	550,704	1.836%
Public (those who meet the additional criteria) – (603 shareholders)	28,697,908	14,348,954	47.830%
Public (those who do not meet the additional criteria) – (573shareholders)	854,058	427,029	1.423%
Total	**60,000,000**	**30,000,000**	**100%**

Source: Company

1. Majid bin Saad bin Hamoud Al-Osaimi and Ali bin Mohammed bin Rashid Al-Balla were excluded from the public because they are major shareholders and Board members.
2. Ibrahim Abdulrahman Mohammed Al-Qunibit was excluded from the public because he is a major shareholder.
3. Ahmed bin Abdulaziz bin Mohammed Al-Haqbani, Omar bin Fahd bin Abdulkarim Al-Sunaidi, and Omar bin Abdulrahman bin Ali Al-Jeraisy were excluded from the public because they are Board members.
4. Ismail bin Saeed Al-Qahtani, Haitham bin Naeem bin Mohammed Hannoun, Rowan bint Hisham bin Ahmed Al-Sharhan, Sarah bint Musa bin Abdullah Al Ismail, Emad bin Abdulrahman bin Abdulaziz Al-Hawail, and Moath bin Abdulrahman Mansour were excluded from the public because they are senior executives.
5. Ain Al-Tanmawiyah for Investment One Person Company was excluded from the public because it is (100%) owned by Board member Omar Abdulrahman Al-Jeraisy.
6. Rayan Ali Mohammed Salem Al-Sharif, Sultan Hamad Sulaiman Al-Hussan, and Firas Al-Mawsili were excluded from the public because they are board members in a subsidiary company.
7. The Company's treasury shares were excluded from the public.
8. Shares held by former and current employees (excluding senior executives) who own more than 2,000 shares have been excluded.

4.1.3. Share Capital

- According to Article 7 of the Articles of Association, the company's issued capital has been set at thirty million (30,000,000) Saudi Riyals, divided into sixty million (60,000,000) nominal shares of equal value, with each share having a nominal value of (0.50) Saudi Riyals (fifty halalas). All of these shares are fully paid ordinary shares.
- According to Article 8 of the Articles of Association, the founders have subscribed to the entire issued capital of sixty million (60,000,000) shares, which are fully paid, with a total value of thirty million (30,000,000) Saudi Riyals.

4.1.4. Major changes in capital

Since the establishment of the company until the date of preparation of this document, changes to the capital have occurred as follows:

1. Upon establishment in 2017, the company's capital was set at fifty thousand (50,000) Saudi Riyals, divided into fifty thousand (50,000) shares.
2. On 13/03/1440H (corresponding to 21/11/2018AD), the partners approved an increase in the company's capital from fifty thousand (50,000) Riyals to five hundred thousand (500,000) Riyals, and raised the value of each share from one (1) Riyal to ten (10) Riyals, so the capital became divided into fifty thousand (50,000) equal shares, with each share valued at ten (10) Riyals. This increase was made through cash contributions, by capitalizing part of the retained earnings, which amounted to four hundred fifty thousand (450,000) Riyals and was deposited into the company's bank account according to the issued bank Certificate.
3. On 16/08/1442H (corresponding to 29/03/2021AD), the company's capital was increased from five hundred

thousand (500,000) Saudi Riyals to thirty million (30,000,000) Riyals, divided into three million (3,000,000) equal cash shares, with each share valued at ten (10) Riyals. This increase was made by transferring twenty-nine million five hundred thousand (29,500,000) Riyals from the retained earnings as of 31 December 2020, according to the company's auditor's report (KPMG Professional Services, issued on 28 March 2021).

4. On 05/11/1442H (corresponding to 15/06/2021ADs), the partners decided to convert the company from a limited liability company to a closed joint-stock company, with the same capital at the time of conversion, which was thirty million (30,000,000) Riyals, divided into three million (3,000,000) ordinary shares with a nominal value of ten (10) Saudi Riyals per share.

5. On 29/11/1444H (corresponding to 18/06/2023), the extraordinary general assembly decided to divide the nominal value of the share from ten (10) Riyals to a nominal value of (0.50) Riyals (fifty halalas), and to adjust the number of shares from three million (3,000,000) shares to sixty million (60,000,000) shares, which is the current number of shares in the company up to the date of preparation of this transition document.

4.1.5. Company purposes

According to Article Four (4) of the Articles of Association, the Company may practice and implement the following purposes:

1	Information and communication	25	Investment activities for the own account of the relevant units, including venture capital companies, And investment clubs.
2	Administrative and support services.	26	Investment company activities.
3	Professional, scientific and technical activities.	27	Ready-made software brochure.
4	System analysis.	28	Management, maintenance and operation of electronic devices, mechanisms, information systems and communication networks. And develop it.
5	Design and programming of custom software.	29	Providing sites for buying and selling via the Internet.
6	Software maintenance.	30	Providing, training and developing the workforce to manage, operate and develop the businesses and services of the public and private sectors. And specializing in the field of information technology, communications and other fields.
7	Website page design.	31	Obtaining commercial agencies related to the company's purposes.
8	Rehabilitation and restructuring of administrative, financial and operational processes of facilities.	32	Managing, marketing and displaying its projects or non-technical projects inside and outside the Kingdom.
9	Public relations and communication.	33	Providing all development, marketing and technical investment activities and services.

10	Providing senior management consulting services.	34	Providing administrative services for technical projects and supervising their implementation.
11	Establishing the infrastructure for hosting websites, data processing services and related activities	35	Training in the field of development, marketing and technical investment.
12	Providing other human resources, including (providing human resources on a long-term or generally permanent basis).	36	Investing inside and outside the Kingdom in technology companies and projects.
13	Integrated office administrative services activities.	37	Attracting local and foreign investments to participate in any of the company's activities
14	Managing its subsidiaries or participating in the management of other companies, and providing them with the necessary support.	38	Providing specialized consulting in information technology, security, communications and e-business and exchange of credit information.
15	Organizing conferences and trade fairs.	39	Mediation in the employment of Saudis.
16	Organizing, managing and promoting trade fairs, meetings, conferences and events.	40	Mediation in recruiting foreign workers.
17	Organizing and managing crowds.	41	Activities of temporary employment agencies for Saudis.
18	Operating exhibition and conference centers and facilities.	42	Activities of temporary employment agencies for migrant labor services.
19	Business incubators and accelerators activities.	43	User interface and experience design.
20	Head Office Activities Supervise and manage other units in the company or organization.	44	Application development.
21	Management consulting activities.	45	Computer consulting activities.
22	Management consulting services.	46	Obtaining the necessary licenses from the competent authorities, if any.
23	Labor consulting activities.	47	Any other activities that the authorized person decides to add in the future.
24	Consulting activities in the field of communications and information technology.		

4.1.6. Company Duration

An Article Six (6) of the Articles of Association states that the company's duration is unlimited and begins from the date it is registered in the commercial register.

4.2. Board of Directors

4.2.1. Formation of the Board of Directors

- On 11/11/1442H (corresponding to 21/06/2021G), the Transitional General Assembly appointed the Board members for a first term starting on 11/11/1442H (21/06/2021G) and ending on 06/01/1448H (21/06/2026G). The elected members are:

1. Majed Saad Al-Osaimi
2. Ahmed Abdel Aziz Al-Haqbani
3. Ali Mohammed Al-Ballaa
4. Omar Abdel Rahman N Al-Jeraisy
5. Firas Khaled Al-Jariwi

- On 18/12/1444H (corresponding to 06/07/2023G), the Board of Directors approved, by circular resolution No. (06-07-23), which was confirmed in the in-person Board resolution dated 10/03/1444H (corresponding to 25/09/2023G), the resignation of Board member Mr. Firas bin Khalid Al-Juraissy and the appointment of Mr. Omar bin Fahd Al-Sunaidi as an independent member of the Board of Directors to complete the current term of the Board. This appointment was approved by the Ordinary General Assembly held on 15/06/1445H (corresponding to 28/12/2023G). Accordingly, the current Board of Directors is composed of the following gentlemen:

Table Number (9): Board of Directors

م	Name	Position	Nationality	Age	Membership status	
1	Majed Saad Al-Osaimi	Chairman of the Board of Directors	Saudi	42	not independent	not executive
2	Ahmed bin Abdul Mohammed Al-Haqbani	Vice Chairman	Saudi	45	independent	not executive
3	Ali bin Mohammed bin Rashid Al-Ballaa	Managing Director and Chief Executive Officer	Saudi	39	not independent	Executive
4	Omar bin Fahd bin Abdul Karim Al- Sunaidi	Board Member	Saudi	42	independent	not executive
5	Oman Abdul Rahman bin Ali Al-Jeraisy	Board Member	Saudi	38	independent	not executive

Source: Company

- The company complies with the Companies Law and the Corporate Governance Regulations issued by the Board of the Capital Market Authority. It also adheres to Article (16) of the Governance Regulations, which require listed companies to ensure that the majority of the board members are non-executive, and that the number of independent members is not less than two or one-third of the board members, whichever is greater.

4.2.2. Powers of the Board of Directors

According to the company's Articles of Association, the Board of Directors shall have the broadest powers and authorities to manage the company in a manner that achieves its objectives. The Board also has the right to participate in other companies, and within its scope of authority, may delegate one or more of its members or others to carry out a specific task or certain tasks.

4.2.3. Remuneration of Board Members

- The remuneration of Board members is distributed in accordance with the regulations stated in Article Nineteen (19) of the company's Articles of Association. The Board of Directors determines the form and amount of remuneration as it deems appropriate. This remuneration may take the form of a specific amount, a meeting attendance allowance, in-kind benefits, or a percentage of net profits, and it is permissible to combine two or more of these benefits.
- The Board of Directors' report to the Ordinary General Assembly must include a comprehensive statement of all that each Board member has received or is entitled to receive during the financial year in terms of remuneration, attendance fees, expense allowances, and other benefits. It must also include a statement of what Board members have received in their capacity as employees or administrators, or for providing technical, administrative, or consulting services. Furthermore, the report must disclose the number of Board meetings and the number of meetings attended by each member since the date of the last General Assembly meeting.
- Below are the details of the remuneration received by Board members, senior executives, and committee members for the years 2022, 2023, and 2024:

Table Number (10): Distribution of rewards

Statement	2022G	2023G	2024G
	Saudi Riyal	Saudi Riyal	
Board of Directors - Annual Bonus	0	200,000	200,000
Board Members – Meeting Attendance Allowance	0	15,000	21,000
Senior executives (including the CEO, CFO, and three senior executives)	2,616,402	3,096,843	2,746,144
Committee members	0	191,000	232,000
Total	**2,616,402**	**3,502,843**	**3,199,144**

Source: Company

*Mr. Majid bin Saad Al-Ousaimi, Mr. Ali Muhammad Al-Ballaa, and Mr. Firas Khaled Al-Jariwi (members or former members of the Board of Directors) waived their remuneration for the fiscal year ending on June 30, 2024.

- On 29/06/1444H (corresponding to 22/01/2023G), the Extraordinary General Assembly of shareholders voted to disburse an amount of SAR 215,000 as remuneration for Board members for the fiscal year ending 30/06/2022G. It is noted that the Chairman of the Board, Mr. Majed Al-Ousaimi and Board members Mr. Ali Al-Ballaa and Mr. Firas Al-Jariwi have waived their remuneration for that year.
- On 15/06/1445H (corresponding to 28/12/2023G), the Ordinary General Assembly of shareholders voted to disburse an amount of SAR 221,000 as remuneration for Board members for the fiscal year ending 30/06/2023G. It is noted that Chairman Mr. Majed Al-Ousaimi, and the members of the Board members Mr. Ali Al-Ballaa and Mr. Firas Al-Jariwi have waived their remuneration for that year.
- According to the meeting held on 15/11/1445H (corresponding to 23/05/2024G), the Board of Directors resolved that the remuneration for Board members for the fiscal year ending 30 June 2024 would consist of a fixed amount of SAR 100,000 and a meeting attendance allowance of SAR 3,000 per meeting.
- On 30/03/1446H (corresponding to 03/10/2024G), the Ordinary General Assembly of shareholders voted to disburse an amount of SAR 354,000 as remuneration for Board members for the fiscal year ending 30/06/2024G. It is noted that Chairman Mr. Majed Al-Ousaimi, and the members of the Board members Mr. Ali Al-Ballaa and Mr. Firas Al-Jariwi have waived their remuneration for that year.

4.2.4. Board meetings

- According to Article Twenty-One (21) of the Articles of Association, the Board of Directors shall meet at least four (4) times per year upon an invitation from its Chairman. The invitation must be in writing and accompanied by the agenda. The Chairman must also call for a meeting whenever requested by two members. The invitation must be sent to each member via registered mail, hand delivery, fax, or email, at least two weeks before the scheduled meeting date.

4.2.5. Responsibilities of the Board

- Article Eighteen (18) of the Articles of Association defines the powers and responsibilities of the Board of Directors as follows:
- Subject to the powers allocated to the General Assembly, the Board of Directors holds the broadest authority and powers to manage the company in a manner that achieves its objectives. It has the right to participate in other companies and, within its scope, may delegate one or more of its members or others to carry out specific tasks. The Board also has the authority to manage the company's affairs and to dispose of its assets, properties, and real estate, with the exception that the sale or mortgage of the company's real estate requires the approval of the Ordinary General Assembly, in accordance with the following conditions:

a. The Board resolution for the sale must specify the reasons and justifications.

b. The sale must be close to market value.

c. The sale must be for immediate payment, except in cases of necessity with sufficient guarantees.

d. The transaction must not result in the discontinuation of any of the company's activities or place additional obligations on it.

- The Board also has the authority to appoint and dismiss employees and workers, request visas, recruit labor from outside the Kingdom, contract with them, determine their salaries, and handle matters related to residency permits, sponsorship transfers, and waivers.
- The Board may also enter into loans with government financing funds and institutions, as well as commercial

loans, provided that the following conditions are observed for commercial loans with terms exceeding three years:

a. The terms and guarantees of the loan must not harm the company, its shareholders, or the general rights of creditors.

b. The Board must define, in its resolution, the intended uses of the loan and its repayment method.

c. The total value of loans contracted by the Board within a single fiscal year must not exceed 50% of the company's capital.

- The Board of Directors also has the right to discharge the company's debtors from their obligations, in cases it deems appropriate and in the company's interest, provided that the minutes of the Board meeting and the reasoning for its decision consider the following conditions:

a. The discharge must take place after at least one full year has passed since the debt's due date, and the company must have undertaken the legal procedures to claim the debt during this period.

b. The right to discharge debts lies solely with the Board and may not be delegated.

c. The discharge must be for a specific amount, serving as a maximum limit per year and per debtor

4.2.6. Board Committees

The Board of Directors has two committees, as follows:

4.2.6.1. Audit Committee

- The Audit Committee is formed by a resolution of the Board of Directors. Its membership must include no fewer than three (3) and no more than five (5) members, who must not be executive members of the Board, whether they are shareholders or not. The resolution defines the committee's responsibilities, operating procedures, and the remuneration of its members.
- The company has an Audit Committee consisting of three (3) members, which was formed and its members appointed during the Board meeting held on 12/11/1442H (corresponding to 22/06/2021G). The formation of the Audit Committee was approved by the Ordinary General Assembly held on 16/11/1442H (corresponding to 26/06/2021G) for a period of five (5) years, ending with the current Board term on 06/01/1448H (corresponding to 21/06/2026G). The committee members are:

1. Mr. Abdul Rahman Ibrahim Al-Hadlaq (Chairman of the Committee)
2. Mr. Mohamed Amin Marah (Member)
3. Dr. Yazid karem (Member)

- On 09/10/1445H (corresponding to 18/04/2024G), the Board of Directors resolved to reconstitute the Audit Committee, effective from the date of this resolution and ending with the end of the current Board's term on 06/01/1448H (corresponding to 21/06/2026G), for the Committee to be composed of the following members:

Table Number (11): Members of the Audit Committee

Name	Position	Other positions currently held by the member
Mr. Abdulrahman Ibrahim Al-Hadlaq	Chairman of the Committee	Independent member / From outside the board
Mr. Omar Bin Fahad Al-Sunaidi	Member	Independent member / From the board
Mr. Mohamed Amin Marah	Member	Independent member / From outside the board
Ms. Luluah Othman Al-Mutlaq	Secretary	Legal and Governance Assistant

Source: Company

- The company has a dedicated Audit Committee Charter (updated in accordance with the amendments made to the Corporate Governance Regulations issued by the Capital Market Authority), which was approved by the Board of Directors through a circular resolution on 25/10/1444H (corresponding to 15/05/2023G), and ratified in the in-person Board meeting held on 10/03/1444H (corresponding to 25/09/2023). The charter was subsequently approved by the Extraordinary General Assembly of shareholders in its meeting held on 29/11/1444H (corresponding to 18/06/2023G).
- A summary of the Audit Committee's report for the fiscal year ending 30/06/2022G was read during the Extraordinary General Assembly held on 29/06/1444H (corresponding to 22/01/2023G).

- Audit Committee Meetings:

- According to Article Four (4) of the Audit Committee Charter, the Committee shall meet regularly, and not less than four (4) times per fiscal year of the company. It may also convene whenever necessary.
- As of the date of preparing this transition document, the Audit Committee has held the following number of meetings:

Table Number (12): Audit Committee Meetings

The year	2021G	2022G	2023G	2024G	2025G*
Number of Audit Committee Meetings	2	3	4	3	1

Source: Company

* As of the date of this transfer document

- The Committee held the following meetings during the fiscal year ending on June 30, 2022: (two meetings during 2021 and one meeting during 2022)

- The Committee held the following meetings during the fiscal year ending June 30, 2023: (three meetings during 2023 and one meeting during 2022)

- The Committee held the following meetings during: For the fiscal year ending June 30, 2024, and until the date of preparation of this transition document: (three meetings during the year 2023 and one meeting during the year 2024 and until the date of preparation of this transition document).

-The Committee held the following meetings during the financial year ending on June 30, 2025, and up to the date of preparation of this Transition Document (two meetings during the year 2024 and one meeting during the year 2025)

Powers of the Audit Committee:

The Audit Committee is responsible for overseeing the company's operations, verifying the integrity of financial reports and statements, and the effectiveness of internal control systems. The committee's responsibilities specifically include the following:

First: Financial reporting:

1. Review the company's interim and annual financial statements before presenting them to the Board of Directors, and provide an opinion and recommendation to ensure their integrity, fairness, and transparency.
2. Provide a technical opinion, upon request by the Board of Directors, on whether the Board report and the company's financial statements are fair, balanced, and understandable, and whether they include the information necessary for shareholders and investors to assess the company's financial position, performance, business model, and strategy.
3. Review any significant or unusual matters included in the financial reports.
4. Thoroughly examine any issues raised by the Chief Financial Officer, Compliance Officer, Internal Control Officer, or the External Auditor.
5. Verify the accounting estimates made in material matters presented in the financial reports.
6. Review the accounting policies followed by the company, and provide opinions and recommendations to the Board of Directors regarding them.

Second: Internal audit:

1. Review and assess the internal control, financial control, and risk management systems within the company.
2. Review internal audit reports and monitor the implementation of corrective actions for the observations mentioned in them.
3. Oversee and supervise the performance and activities of the internal auditor and the Internal Audit Department in the company, to ensure the availability of necessary resources and their effectiveness in performing their assigned duties and responsibilities.
4. Recommend to the Board of Directors the appointment of the Head of the Internal Audit Unit/Department or the Internal Auditor, and propose their remuneration.

Third: Auditors:

1. Recommend to the Board of Directors the nomination, dismissal, and determination of fees of the external auditors, and evaluate their performance after verifying their independence, and reviewing the scope of their work and contractual terms.
2. Verify the independence, objectivity, and fairness of the external auditor and assess the effectiveness of the audit work, considering relevant rules and standards.
3. Review the audit plan and work of the company's external auditor, ensure they are not performing technical or administrative services beyond the audit scope, and provide observations on that matter.
4. Respond to inquiries raised by the company's external auditor.
5. Review the auditor's report and observations on the financial statements, provide comments when applicable, and follow up on actions taken regarding those observations.

Fourth: Compliance Assurance:

1. Review the findings of reports from regulatory authorities and verify that the company has taken the necessary actions in response.

2. Ensure the company's compliance with applicable laws, regulations, policies, and instructions relevant to its scope of work.

3. Review proposed contracts and transactions between the company and related parties, and submit recommendations to the Board of Directors.

4. Escalate any matters that the committee deems require action to the Board of Directors, and provide recommendations on the appropriate measures to be taken.

4.2.6.2. Nominations and Remuneration Committee

- The company has a Nominations and Remuneration Committee composed of three (3) members, formed and appointed by the Board of Directors during its meeting held on 08/10/1443H (corresponding to 09/05/2022G). The committee's term starts from the date of this resolution and ends with the conclusion of the current Board term on 06/01/1448H (corresponding to 21/06/2026G). The committee is composed of the following members:

  1. Mr. Omar Abdulrahman Al-Juraissi (Chairman of the Committee)
  2. Mr. Magdy Qari (Member)
  3. Ms. Rawan bint Hashem Al-Sharhan (Member)

- On 09/10/1445H (corresponding to 18/04/2024G), the Board of Directors decided to appoint Ms. Lulua bint Nasser Al-Otaibi as a member of the Nominations and Remuneration Committee, replacing the resigned member Ms. Rawan bint Hashem Al-Sharhan. Thus, the committee is now composed of the following members:

Table Number (13): Nominations and Remuneration Committee Members

Name	Position	Other positions currently held by the member
Mr. Omar Abdulrahman Al-Juraissi	Chairman of the Committee	Independent member / from within the Board
Mr. Magdy Qari	Member	Independent/Outside Board Member
Ms. Lulua bint Nasser Al-Otaibi	Member	Independent/Outside Board Member
Ms. Rawan bint Hisham Al- Sharhan	Secretary of the Committee	Director of Personnel, Culture, and Shared Services Department

Source: Company

- The company has a dedicated charter for the Nominations and Remuneration Committee (updated in accordance with the amendments made to the Corporate Governance Regulations issued by the Capital Market Authority). It was approved by the Board of Directors through a circular resolution on 25/10/1444H (corresponding to 15/05/2023G) and ratified during the in-person Board meeting held on 10/03/1444H (corresponding to 25/09/2023G). The charter was then approved by the Extraordinary General Assembly of shareholders in its meeting held on 29/11/1444H (corresponding to 18/06/2023G).

Nominations and Remuneration Committee Meetings:

- In accordance with Article Five (5) of the Committee's charter, the Nominations and Remuneration Committee meets periodically, twice a year.

- As of the date of preparing this transition document, the Nominations and Remuneration Committee has held the following number of meetings:

Table Number (14): Nominations and Remuneration Committee Meetings				
The year	2022G	2023G	2024G	2025G*
Number of Nominations and Remuneration Committee meetings	3	1	2	0

Source: Company

*As of the date of this transfer document

- The Committee held the following meetings during the fiscal year ending June 30, 2022: (two meetings during 2022)

-The Committee held the following meetings during the fiscal year ending June 30, 2023: (one meeting during 2023 and one meeting during 2022)

- The Committee held the following meetings during the fiscal year ending June 30, 2024: (two meetings during 2024)

Responsibilities of the Nominations and Remuneration Committee:

- The committee is responsible for handling matters related to two key areas: remuneration and nominations. Additionally, it is tasked with submitting periodic reports on its activities to the Board. Below are the committee's duties and responsibilities:

First: Regarding remuneration:

1. Develop a remuneration policy for the members of the Board of Directors, its sub-committees, and senior executives, and submit it to the Board for review prior to its approval by the General Assembly. The policy should adhere to performance-based standards, include disclosure mechanisms, and ensure proper implementation.
2. Clarify the relationship between granted remuneration and the applicable policy, and highlight any material deviations from the policy.
3. Periodically review the remuneration policy and assess its effectiveness in achieving its intended objectives.
4. Recommend to the Board of Directors the remuneration of Board members, sub-committee members, and senior executives of the company, in accordance with the approved policy

Second: Regarding nominations:

1. Propose clear policies and standards for membership in the Board of Directors and executive management.
2. Recommend to the Board of Directors the nomination and re-nomination of members, in accordance with the approved policies and standards, while ensuring that no person convicted of a crime involving dishonesty or breach of trust is nominated.
3. Prepare a description of the skills and qualifications required for Board membership and executive management positions.
4. Determine the time commitment required from each Board member to fulfill their responsibilities.
5. Annually review the needed skills and expertise for Board membership and executive management roles.
6. Review the structure of the Board of Directors and executive management and recommend changes where appropriate.
7. Annually verify the independence of independent members and ensure no conflicts of interest exist, especially if the member sits on the board of another company.
8. Define job descriptions for executive members, non-executive members, independent members, and senior executives.
9. Identify the strengths and weaknesses of the Board of Directors and propose solutions to address them in alignment with the company's best interests.

4.3. Executive Management

- The current CEO is Mr. Ali Mohammed Al-Ballaa, effective from 12/11/1442H (corresponding to 22/06/2021 AD). The following table shows the details of the company's executive management:

Table Number (15): Executive Management Details

Name	Position	Nationality	Age	Date of appointment	Shares owned* Directly	
					Number	ratio
Ali bin Moham-med Al-Ballaa	Chief Executive Officer	Saudi	39	October 2017	12,244,860	20.408%
Ismail bin Saeed Al-Qahtani (Salem)	Executive Vice President	Saudi	37	July 2018	603,206	1.005%
Haitham bin Naeem Hanoun	Business Development Manager	Jordanian	35	March 2018	928,733	1.548%
Moath bin Abdul Rahman Mansour	Director of Finance	Jordanian	29	January 2024	13,445	0.022%
Rawan bint Hisham Al-Sharhan	Director of Human Resources, Culture and Shared Services	Saudi	28	January 2019	17,788	0.030%
Sarah bint Musa Al Ismail	Project Management Manager	Saudi	29	October 2022	42,597	0.071%
Emad bin Abdul Rahman Al-Huwail	Director of Management Consulting Department	Saudi	29	March 2024	53,010	0.088%
Vacant	Director of Legal and Governance		-	-	-	-
Vacant	Technical Development Management	-	-	-	-	-
Qusay bin Raafat Khalil	Internal Audit Officer	Jordanian	32	April 2024	-	-

Source: Company

*According to the shareholders' register issued by Tadawulaty on 18/05/2025G

- Below is a brief summary of the CVs of the Executive Management members:

Table Number (16): Resume of Ali bin Mohammed Al-Ballaa

Name	Ali bin Mohammed Al-Ballaa
Age	39
Nationality	Saudi
Position	CEO & Managing Director
Academic qualifications	2008: Bachelor's degree in Information Systems from King Saud University.

Practical experiences	• 2022 - To Date: General Manager at Azm Digital for Communications and Information Technology, a limited liability company operating in the field of providing advanced services in building, developing, and integrating financial solutions with modern technology. • 2017 – To Date: Chief Executive Officer (CEO) of Saudi Azm for Communications and Information Technology, a public joint-stock company operating in creating impactful technology solutions and products. • 2017 – To Date: Saudi Azm Holding Company, a limited liability company operating in the field of managing subsidiary properties. • 2015 – 2017: Director at Arams Company, a limited liability company operating in the field of providing management consulting and practical creative solutions for leaders and executives. • 2015 – 2015: Business Development Manager at National Technology Group (NTG), a limited liability company operating in the field of technical services. • 2013 – 2015: Government Sales Manager at Microsoft, a limited liability company operating in the field of information technology. • 2009 – 2013: Account Manager at Microsoft, a limited liability company operating in the field of in-formation technology.
Other Board Memberships	• 2019 – To Date: Board Member at Azm Financial Technology Company, a closed joint-stock company operating in the field of providing advanced services in building, developing, and integrating financial solutions with modern technology.

Source: Company

Table Number (17):	Resume of Ismail bin Saeed Al-Qahtani
Name	Ismail bin Saeed Al-Qahtani
Age	37
Nationality	Saudi
Position	Vice President of Corporate Affairs
Academic qualifications	• 2012: Bachelor's degree in Information Systems from King Saud University. • 2017: Master's degree in Computer Science and Information from the University of Missouri.
Practical experiences	• 2022 – Present: Executive Vice President at Saudi AZM Company for Telecommunications and Information Technology, a publicly listed company operating in the field of impactful technology solutions and products. • 2022 – Present: Consultant at Munjam Business Development for Venture Investment, a limited liability company operating in the field of venture capital. • 2022 – Present: Consultant at AZM X specializing in providing advanced services for building, develop-ing, and integrating financial solutions with modern technology. • 2022 – Present: Consultant at Azm Financial Technology, a closed joint-stock company specializing in delivering advanced services for building, developing, and integrating financial solutions with modern technology. • 2022 – Present: Consultant at Azm Digital for Telecommunications and Information Technology, a publicly listed company specializing in delivering advanced services for building, developing, and integrating financial solutions with modern technology. • 2018 – 2022: Project Management Director at Saudi AZM Company for Telecommunications and Information Technology, a publicly listed company operating in the field of impactful technology solutions and products. • 2013 – 2015: Regional Manager at Huawei Technologies Co., Ltd., a limited liability company operating in the field of technology. • 2012 – 2013: Senior Project Manager at the Saudi Standards, Metrology and Quality Organization (SASO), a public authority responsible for ensuring the implementation of mandatory Saudi standards (technical regulations) and conformity assessment procedures in coordination with relevant authorities. • 2009 – 2012: Team Leader at Etihad Etisalat Company (Mobily), a publicly listed company operating in the establishment and operation of mobile wireless communications and fiber optic networks.
Other Board Memberships	• 2024 – Present: Vice Chairman of the Board of Directors at Roya Al-Mustaqbal for Health Training, a closed joint-stock company (Saudi Closed Joint-Stock Company). • 2023 – 2024: Board Member at Roya Al-Mustaqbal for Health Training, a closed joint-stock company (Saudi Closed Joint-Stock Company).

Source: Company

Table Number (18):	Resume of Haitham bin Naim Hanoun
Name	Haitham bin Naeem Hanoun
Age	36
Nationality	Jordanian
Position	Business Development Manager
Academic qualifications	• 2013: Bachelor's degree in Computer Engineering, King Fahd University of Petroleum and Minerals. • 2016: Master's degree Engineering Management at King Fahd University of Petroleum and Minerals.
Practical experiences	• 2021 – 2024: Secretary of the Audit Committee at Saudi AZM Company for Telecommunications and Information Technology, a publicly listed company operating in the field of impactful technology solutions and products. • 2021 – 2024: Secretary of the Board of Directors at Saudi AZM Company for Telecommunications and Information Technology, a publicly listed company operating in the field of impactful technology solutions and products. • 2018 – Present: Director of Business Development at Saudi AZM Company for Telecommunications and Information Technology, a publicly listed company operating in the field of impactful technology solutions and products. • 2016 – 2018: Internet of Things (IoT) Engineer at Hadeer Al-Alat Company, a limited liability company operating in the field of information technology and IoT. • 2015 – 2016: Sales Engineer at Al-Ajoo Company, a limited liability company operating in the field of IT, technology solutions, and office services. • 2014 – 2015: Design Specialist at Ilyaa Information Technology Company, a limited liability company working in IT and smart home systems.

Source: Company

Table Number (19):	Resume of Moath bin Abdul Rahman bin Mansour
Name	Moath bin Abdul Rahman Mansour
Age	29
Nationality	Jordanian
Position	Director of Finance
Academic qualifications	• 2017: Bachelor's degree in Accounting from the University of Jordan. • 2019: Diploma in International Financial Reporting from the Association of Chartered Certified Accountants (DipIFR) • 2019: Certified Public Accountant (CPA)
Practical experiences	• 2024 – Present: Director of the Finance Department at Saudi AZM Company for Telecommunications and Information Technology, a publicly listed company operating in the field of impactful technology solutions and products. • 2017 – 2023: Audit Manager at PricewaterhouseCoopers (PwC) – Certified Public Accountants and Deloitte & Touche, limited liability companies operating in the field of professional services.

Source: Company

Table Number (20): Resume of Rawan bint Hisham bin Ahmed Al-Sharhan

Name	Rawan bint Hisham bin Ahmed Al-Sharhan
Age	28
Nationality	Saudi
Position	Director of Human Resources, Corporate Culture and Shared Services
Academic qualifications	• 2018: Bachelor's degree in Human Resources Management from King Saud University. • 2020: Employee Data Analytics Specialist Certificate from Wharton University of Pennsylvania • 2021: Chartered Institute of Personnel and Development qualifications. • 2023: AIHR Certified Compensation & Benefits Specialist | HR Innovation Academy
Practical experiences	• 2022 – Present: Human Resources Manager at Azm Financial Technology. • 2019 – Present: Director of Workforce, Organizational Culture, and Shared Services at Saudi AZM Company for Telecommunications and Information Technology, a publicly listed company operating in the field of impactful technology solutions and products. • 2018 – 2019: Performance Analyst at the National Center for Privatization and Public-Private Partnership, a government entity working on developing the privatization process.

Source: Company

Table Number (21): Resume of Sarah bint Musa Al Ismail

Name	Sarah bint Musa Al Ismail
Age	29
Nationality	Saudi
Position	Project Management Manager
Academic qualifications	• 2017: Bachelor's degree in French language from Princess Nourah bint Abdulrahman University. • 2019: Master's degree in Executive Management from Al Yamamah University. • 2020: Project Management Professional (PMP) certification from the Project Management Institute. • 2020: Technology Leadership Program, Massachusetts Institute of Technology (MIT). • 2020: Advanced Diploma in Leadership and Management from the University of Washington. • 2020: MBA from Ansik University.
Practical experiences	• 2023 – To Date: Advisor at Hulyat Al-Ibtikar (Innovation Jewelry) Company, an establishment operating in the field of ornaments and jewelry. • 2023 – To Date: Advisor at White Track, a limited liability company operating in the field of transportation and automobiles. • 2020 – To Date: Advisor at Three Lines Company, an establishment operating in the field of food and beverages. • 2022 – To Date: Director of Project Management at Saudi Azm for Communications and Information Technology Company, a public joint-stock company operating in the field of creating impactful technology solutions and products. • 2020 – Until 2022G: Senior Project Manager at Saudi Azm for Communications and Information Technology Company, a public joint-stock company creating impactful technology solutions and products. • 2018 – Until 2020: Project Manager at Al-Matjar Al-Kabeer for Information Technology Establishment, an establishment operating in the field of communications and information technology.

Source: Company

Table Number (22):	Resume of Emad bin Abdul Rahman Al- Huwail
Name	Emad bin Abdul Rahman Al-Huwail
Age	29
Nationality	Saudi
Position	Director of Management Consulting Department
Academic qualifications	• 2018: Bachelor's degree in Industrial and Systems Engineering from King Fahd University of Petroleum and Minerals.
Practical experiences	• 2024 – Present: Director of Management Consulting at Saudi AZM Company for Telecommunications and Information Technology, a public joint-stock company operating in the field of technology solutions and impactful products. • 2021 – 2024: Senior Consultant at Saudi AZM Company for Telecommunications and Information Technology, a public joint-stock company operating in the field of technology solutions and impactful products. • 2019 – 2021: Associate Consultant at Boston Consulting Group International Inc. – Saudi Branch (BCG), a limited liability company operating in the field of consulting and project management. • 2018 – 2019: Business Analyst at Boston Consulting Group International Inc. – Saudi Branch (BCG), a limited liability company operating in the field of consulting and project management. • 2017 – 2018: Trainee Consultant at PricewaterhouseCoopers (PwC) – Certified Public Accountants, a closed joint-stock company operating as a multi-disciplinary professional services network.

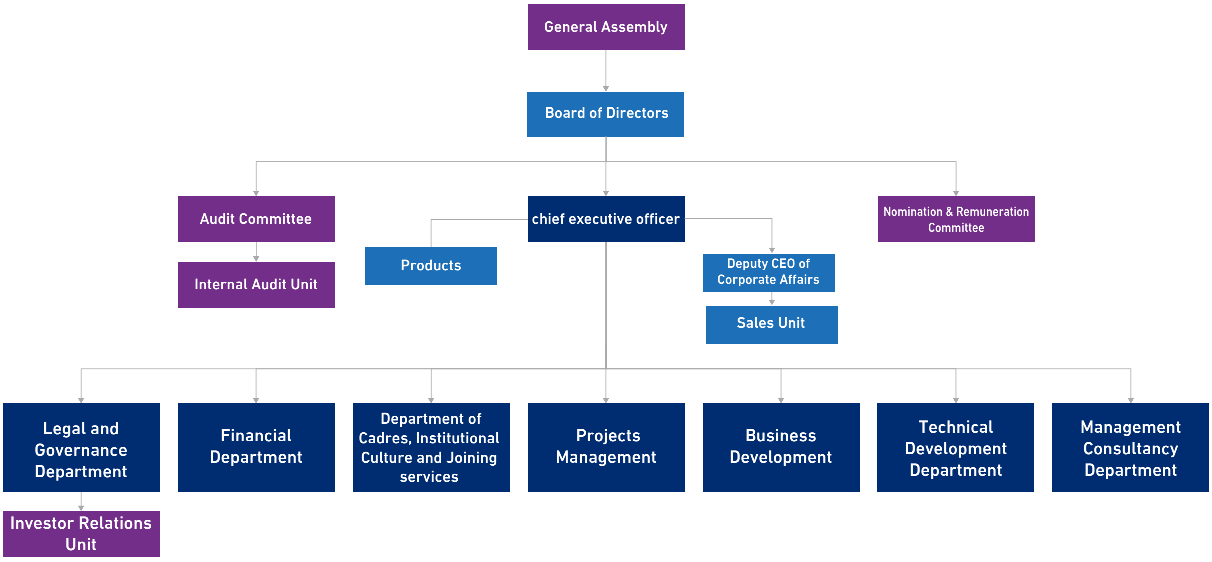
Source: Company

Table Number (23):	Resume of Qusay Raafat Al-Amareen
Name	Qusay Raafat Al-Amareen
Age	32
Nationality	Jordanian
Position	Internal Audit Officer
Academic qualifications	• 2013: Bachelor's degree in Financial and Banking Sciences from Hashemite University. • 2022: Certified Specialist in Anti-Money Laundering and Combating the Financing of Terrorism. • 2024: Certified Internal Control Specialist.
Practical experiences	• 2024 – To Date: Head of Internal Audit at Saudi Azm for Communications and Information Technology Company, a public joint-stock company operating in the field of creating impactful technology solutions and products. • 2023 – 2024: Senior Internal Auditor at Ahli Microfinance Company, a closed joint-stock company operating in the field of financing small and medium enterprises (SMEs). • 2020 – 2023: Internal Auditor at Ahli Microfinance Company, a closed joint-stock company operating in the field of financing small and medium enterprises (SMEs). • 2019 – 2020: Corporate Account Manager at Jordanian Telecommunications Company "Orange," a limited company operating in the field of telecommunications. • 2017 – 2019: Customer Service at Ro'ya Channel (Ro'ya TV), a limited liability company operating in the field of television broadcasting. • 2014 – 2017: Treasury Staff at Bank Audi, a limited liability company operating in the field of banking.

Source: Company

4.4. Company organizational structure

The company has complied with Article (21) of the Corporate Governance Regulations regarding reviewing the organizational and functional structures in the company and approving them by the Board of Directors, so that the organizational structure of the company shown in the figure below was approved pursuant to the Board of Directors' decision dated 16/09/1445H (corresponding to 26/03/2024G).



Source: Company

4.5. Government Approvals, Licenses and Certifications

- The company was registered in the Commercial Register under number (1010918075) on 11/03/1439H (corresponding to 29/11/2017G). Accordingly, the company has obtained several legal and operational licenses and certifications from the competent authorities required to conduct its activities in accordance with the regulations in force in the Kingdom of Saudi Arabia. These licenses are renewed on a regular basis.
- The following table outlines the current licenses and approvals obtained by the company related to its main registration.

Table Number (24): Licenses and approvals obtained by the company

Commercial Register						
License Type	Purpose	License Holder	Unified National Number	Issue/Renewal Date	Annual Confirmation Date of Commercial Register	Issuing Authority
Commercial Register	Register the Company in the commercial companies register (Companies)	Saudi AZM for Communication and Information Technology Company	7008880838	11/03/1439H (Corresponding to 29/11/2017G)	07/12/1447H (Corresponding to 03/06/2026G)	Ministry of Commerce, Commercial Register Office

Licenses and Approvals						
License Type	Purpose	License Holder	License No.	Issue/Renewal Date	Expiry Date	Issuing Authority
Chamber of Commerce and Industry Membership Certificate	In compliance with the provisions of the registry system, the Company is classified in the (First) class.	Saudi AZM for Communication and Information Technology Company	431158	11/03/1439H (Corresponding to) 29/11/2017G)	08/01/1448 H (Corre-sponding to 23/06/2026G)	Riyadh Chamber of Commerce and Industry
Zakat and Income Certificate	To inform that the Compa-ny has submitted its annu-al declaration and is com-mitted to paying Zakat	Saudi AZM for Communication and Information Technology Company	1112551096	28/04/1446 H (Corresponding to 31/10/2024G)	08/05/1447 H (Corre-sponding to 30/10/2025G)	Zakat, Tax and Customs Authority
VAT Registration Certificate	To inform that the Company is registered for VAT	Saudi AZM for Communication and Information Technology Company	310302876700003	11/07/1440 H (Corresponding to 28/03/2019G)	-	Zakat, Tax and Cus-toms Authority
Social insurance subscription Certificate*	In compliance with the social insurance system	Saudi AZM for Communication and Information Technology Company	95698925	10/11/1446 H (Corresponding to 08/05/2026G)	10/12/144 6 H (Corresponding to 06/06/2025G)	General Organization for Social Insurance
Certificate of commitment to the wage protection system**	In compliance with the wage protection system	Saudi AZM for Communication and Information Technology Company	26584-866824-24991	10/11/1446 H (Corresponding to 08/05/2025G)	11/12/1446 H (Corre-sponding to 07/06/2025G)	Wage Protection System - Ministry of Human Resources and Social Development
Localization /Saudization Certificate***	To inform that the Compa-ny is committed to the required localization rate according to the Nitaqat program.	Saudi AZM for Communication and Information Technology Company	187054-13694919	06/06/1445 H (Corresponding to 19/12/2023G)	12/02/1447 H (Corre-sponding to 06/08/2025G)	Ministry of Human Resources and Social Development

Licenses and Approvals						
License Type	Purpose	License Holder	License No.	Issue/Renewal Date	Expiry Date	Issuing Authority
Certificate registration information	Classification of registered businesses within the scope of the Company's activity	Saudi AZM for Communication and Information Technology Company	2021114170	26/03/1443H (Corresponding to 01/11/2021G)	28/09/1447 H (Corre-sponding to 17/03/2026G)	Communications and Information Technology Authority
Classification Certificate for City Service Providers	To certify that the company is classified in the field of (Communications and Information Technology) – First Class	Saudi AZM for Communication and Information Technology Company	2024009175	22/02/1446H (Corresponding to 26/08/2024G)	13/03/1448H (Corresponding to 26/08/2026G)	Ministry of Municipalities and Housing – City Operators Regulation
Munsha'at Certificate	To certify that the company falls under Small and Medium Enterprises according to the approved definition by Munsha'at	Saudi AZM for Communication and Information Technology Company	24375146993	09/01/1446H (Corresponding to 15/07/2024G)	19/01/1447H (Corresponding to 14/07/2025G)	General Authority for Small and Medium Enterprises (Munshaat)
ISO Certificate	To certify that the company's Information Security Management System complies with the ISO/IEC 27001:2022 standard	Saudi AZM for Communication and Information Technology Company	KSA/ISMS/1060	17/02/1446 H (Corresponding to 21/08/2024G)	18/03/1449H (Corre-sponding to 20/08/2027G)	True Value Certification
ISO Certificate	To certify that the Information Technology - Security Techniques - Code of practice for information security controls based on ISO/IEC 27002 for cloud services at the company complies with the standards of (ISO/IEC 27017:2015) system.	Saudi AZM for Communication and Information Technology Company	KSA/ITST/1007	03/07/1445H (Corresponding to 15/01/2024G)	06/08/1448H (Corresponding to 14/01/2027G)	True Value Certification
ISO Certificate	To certify that the Occupational Health and Safety Management System complies with the standards of (ISO 45001:2018) system.	Saudi AZM for Communication and Information Technology Company	CX260252KSA	25/11/1444H (Corresponding to 14/06/2023G)	27/12/1447H (Corresponding to 13/06/2026G)	INTER CONTINENTAL ASSESMENTS
ISO Certificate	To certify that the Quality Management System complies with the standards of ISO 9001:2015 system.	Saudi AZM for Communication and Information Technology Company	KSA/QMS/1058	17/02/1446H (Corresponding to 21/08/2024G)	18/03/1449H (Corresponding to 20/08/2027G)	True Value Certification
	To certify that the company is committed to the Capability Maturity Model – Level 5 and the company complies with (CMMI MATURITY LEVEL 5) standards.	Saudi AZM for Communication and Information Technology Company	KSA/CMMI/1020	26/07/1445H (Corresponding to 07/02/2024G)	29/08/1448H (Corresponding to 06/02/2027G)	True Value Certification
	To certify that the company has passed the operational and technical tests compliant with the standards of (ISO/IEC 17020:2012) system.	Saudi AZM for Communication and Information Technology Company	KSA/AC/2002	03/07/1445H (Corresponding to 15/01/2024G)	06/08/1448H (Corresponding to 14/01/2027G)	Euro Canadian Accreditation Bureau LTD
	To certify that the Business Continuity Management System complies with the standards of (ISO 22301:2019) system.	Saudi AZM for Communication and Information Technology Company	KSA/BCMS/1059	17/02/1446H (Corresponding to 21/08/2024G)	18/03/1449H (Corresponding to 20/08/2027G)	True Value Certification

Licenses and Approvals						
License Type	Purpose	License Holder	License No.	Issue/Renewal Date	Expiry Date	Issuing Authority
	To certify that the Information Technology System - Security Techniques - Code of practice for protection of Personally Identifiable Information (PII) in public clouds acting as PII processors complies with the standards of (ISO/IEC 27018:2019) system.	Saudi AZM for Communication and Information Technology Company	KSA/ITST/1008	03/07/1445H (Corresponding to 15/01/2024G)	06/08/1448H (Corresponding to 14/01/2027G)	True Value Certification
Safety Certificate	To certify that the company is committed to the field safety standards and conditions of Civil Defense.	Saudi AZM for Communication and Information Technology Company	1-001501746-45	11/02/1446H (Corresponding to 15/08/2024G)	11/02/1447H (Corresponding to 05/08/2025G)	General Directorate of Civil Defense
Municipality License****	To license to practice a commercial activity	Saudi AZM	450815054936	--	11/02/1447 H (Corre-sponding to 05/08/2025G)	Riyadh Region Municipality - Al-Muather Municipality - Western Umm Al-Hama - Ibn Shuaib Al-Fasi

Source: Company

*A Certificate of commitment valid for a maximum of one month and renewable electronically upon request.

**A Certificate of commitment is valid for a maximum of one month and can be renewed electronically upon request.

***A Certificate of commitment is valid for a maximum of three months and can be renewed electronically upon request.

4.6. Company branches

- Article Three (3) of the Company's Articles of Association states that the Board of Directors may, by resolution, establish branches of the company either inside or outside the Kingdom of Saudi Arabia.
- As of the date of preparing this transition document, the company does not own any branches inside or outside the Kingdom of Saudi Arabia.

4.7. Company ownership in other companies

4.7.1. Companies outside Saudi Arabia

4.7.1.1. Azm Squads Development

- A single-person limited liability company registered in the Arab Republic of Egypt, under Commercial Registration Certificate No. (209298) dated 02/12/1444H (corresponding to 20/06/2023AD), located in Arab Meeting District, Heliopolis Gardens, Sheraton Residences – Nozha – Cairo.
- Saudi AZM Company for Telecommunications and Information Technology owns 100% of this company, with a current capital of USD 25,000, equivalent to approximately SAR 93,750.
- The company engages in software development, electronic design and development, and data center operations.

The table below shows the structure. The company's ownership is as follows:

Table Number (25): Company ownership structure in AZM Software Development Company				
Partner	Number of cash shares	Value of each share/ AED	Total share value/AED	Percentage
Saudi AZM for Communication and Information Technology Company	25 shares	1,000	25,000	100 %

Source: Company

According to Article (10) of the Articles of Association, the company is managed by two directors,

- Mr. Ahmed Al-Sayed Abdel-Azim Muhammad (Egyptian) and
- Mr. Ali Muhammad bin Rashid Al-Ballaa (Saudi),
- They have the powers stipulated in Article (11) of the Articles of Association.

4.7.1.2. Office Development Software - AZM-SITECH

- A limited liability company registered in Krakow, Poland, Małopolskie Province, under Court Registration Number (0001015470) dated 02/07/1444H (corresponding to 24/01/2023G). Saudi AZM Company for Telecommunications and Information Technology owns 50% of the company. The company's current capital is 5,000 Polish Zloty, equivalent to approximately SAR 4,775.14.
- The company's operations have been discontinued and it is currently in the process of liquidation, as of the date of preparing this transfer document.

4.7.2. Companies Inside Saudi Arabia

4.7.2.1. AZM X

- A Saudi limited liability company, established under Commercial Registration Certificate No. (1010600261) dated 22/02/1441H (corresponding to 21/10/2019G), issued by the Commercial Registry Center and registered with the Unified National Number (7016102076). Saudi AZM Company for Telecommunications and Information Technology owns 75% of the company. The current capital of the company is SAR 100,000, divided into 100 shares, each with a value of SAR 1,000.
- This company engages in the following activities: User Interface (UI) and User Experience (UX) design – Application development.
- As of the date of preparing this transfer document, AZM X does not have any branches inside the Kingdom of Saudi Arabia:

Table Number (26): Company ownership structure in AZM X				
Partner	Cash shares	Value of each share	Total share value	Percentage
Saudi AZM for Communication and Information Technology Company	75	1,000	75,000	75%

Source: Company

- According to Article (5) of the Articles of Association, the company is managed by Mr. Saeed Saleh Al-Nahdi, who holds the authorities specified in the Articles of Association.

4.7.2.2. Wasl Platform Company for Communications and Information Technology

- A Saudi limited liability company, established under Commercial Registration Certificate No. (1009124150) dated 24/04/1446H (corresponding to 27/10/2024), issued by the Commercial Registry Center and registered with the Unified National Number (7042275227). Saudi AZM Company for Telecommunications and Information Technology owns 100% of the company. The company's current capital is SAR 50,000, divided into 5,000 shares, with each share valued at SAR 10.
- The company engages in the activity of Systems Analysis.
- As of the date of preparing this transfer document, Wasl Platform Company for Telecommunications and Information Technology does not have any branches inside the Kingdom of Saudi Arabia.
- The table below shows the ownership structure of the company as follows

Table Number (27): Ownership Structure of Wasl Platform Company for ICT

Partner	Cash shares	Value of each share	Total share value	Percentage
Saudi AZM for Communication and Information Technology Company	5000	10	50,000	100 %

Source: Company

Pursuant to Article 5 of the Articles of Incorporation, the company is managed by Mr. Ali Mohammed Rashed Alballaa. He holds the authorities stipulated in the company's articles of association.

4.7.2.3. National Real Estate Platform Company (Aqarek)

- A limited liability company established under Commercial Registration Certificate No. (1010740516) dated 02/02/1443H (corresponding to 09/09/2021G), issued by the Commercial Registry Center and registered with the Unified National Number (7025695870). Saudi AZM Company for Telecommunications and Information Technology owns a 38% stake in the company. The current capital of the company is SAR 100,000, divided into 100,000 shares, each with a value of SAR 1.
- The company engages in the following activities:
- Buying, selling, and subdividing land and real estate, off-plan sales, management and leasing of owned or rented residential and non-residential properties, self-storage warehouse management and leasing, real estate development of residential and commercial buildings using modern construction methods, real estate contributions, real estate brokerage, real estate title registration services, marketing of timeshare real estate units, real estate auctions, real estate facilities management, and real estate marketing and advertising.
- As of the date of preparing this transfer document, the National Real Estate Platform Company does not have any branches inside the Kingdom of Saudi Arabia

The table below shows the company's ownership structure as follows:

Table Number (28): Company ownership in the National Real Estate Platform Company (Aqarek)

Partner	Cash shares*	Value of each share	Total share value	Percentage
Saudi AZM for Communication and Information Technology Company	38,000	1	38,000	38%

Source: Articles of Association of the National Real Estate Platform Company No. (487273) dated 25/01/1443H (corresponding to 02/09/2021G).

* *At incorporation, the ownership percentage of Saudi Azm for Communications and Information Technology Company was (38%). During the year 2023G, the company relinquished a portion of its shares in the company, so the ownership percentage became (32.68%), according to the annual financial statements for the year 2024G.

- According to Article (10) of the Articles of Association, the company is managed by two directors, Mr. Ali Mohammed Rashid Al-Ballaa and Mr. Sultan Hamad Suleiman Al-Hussan, who have the powers stipulated in the Articles of Association.

4.7.2.4. Machine Learning Company for Information Technology

A limited liability company established under Commercial Registration Certificate No. (1010878854) dated 18/10/1444H (corresponding to 08/05/2023), issued by the Commercial Registry Center and registered with the Unified National Number (7034259965). Saudi AZM Company for Telecommunications and Information Technology owns a 30% stake in the company.

The current capital of the company is SAR 50,000, divided into 100 shares, with each share valued at SAR 500.

The company is engaged in the following activities: Robotics technologies and Artificial Intelligence technologies.

As of the date of preparing this transition document, Machine Learning for Information Technology Company does not have any branches inside the Kingdom of Saudi Arabia.

The table below shows the ownership structure of the company as follows:

Table Number (29): Company Ownership in Machine Learning for IT

Partner	Cash shares	Value of each share	Total share value	Percentage
Saudi AZM for Communication and Information Technology Company	5	500	2,500	5%

Source: The Company

According to Article (5) of the Articles of Association, the company is managed by one director, Mr. Abdulmohsen Saud Abdullah Al-Kulaibi, who holds the authorities specified in the Articles of Association.

4.8. Contracts and agreements

4.8.1. Shareholders Agreement

No side agreements have been made between shareholders; therefore, the Articles of Association / Bylaws govern the relationship among them.

4.8.2. Participation Agreements and Memorandums of Understanding

As of the date of preparing this transition document, there are no participation agreements with any parties other than the company's Articles of Association / Bylaws. No memorandums of understanding have been executed regarding any potential future participation with third parties, except for a non-binding memorandum of understanding to study the company's intention to potentially acquire a local company operating in the financial technology sector through a transaction involving the full purchase of the company's shareholders' equity, and the executed agreement to build a mutual partnership for delivering financial and digital technology services with the National Housing Company.

4.8.3. Agreements and dealings with related parties

- According to the financial statements for the fiscal year ending on June 30, 2024, the company has transactions with related parties, which include shareholders, senior management, board members, and businesses directly or indirectly controlled or influenced by partners, board members, or senior executives. The group has conducted several transactions with related parties in the ordinary course of business, and these transactions were carried out under terms and conditions agreed upon by the group's management or Board of Directors.

- The Ordinary General Assembly of shareholders held on 30/03/1446H (corresponding to 03/10/2024G) voted on the related party transactions for the year 2024.
- The Ordinary General Assembly of shareholders held on 15/06/1445H (corresponding to 28/12/2023G) voted on the related party transactions for the year 2023.
- The Extraordinary General Assembly of shareholders held on 29/06/1444H (corresponding to 22/01/2023G) voted on the related party transactions for the year 2022.
- The Ordinary General Assemblies of shareholders held on 14/05/1443H (corresponding to 18/12/2021G) and 17/03/1443H (corresponding to 23/10/2021G) voted on the related party transactions for the year 2021.

4.8.4. Table of Related Party Transactions

The table below outlines the key transactions with related parties that took place during the years 2023 and 2024, and for the period ending December 31, 2024

Table Number (30): Significant Related Party Transactions

Related Party	Nature of significant transactions	30 June 2023 (SAR)	30 June 2024 (SAR)	31 December 2024 (SAR)
Azm Financial Technology Company	Revenue/income from affiliate	4,560,698	2,581,930	2,915,667
	Expenses paid/incurred by affiliate on behalf of the Company (This amount includes billing issued by an affiliate where it acts as a subcontractor to the Group)	28,464,194	14,846,523	29,893,999
	Expenses paid/incurred by the Company on behalf of affiliate	1,439,403	2,087,862	1,971,292
Itmam Consultancy Company	Revenue/income from affiliate	15,894,693	-	-
	Expenses paid/incurred by affiliate on behalf of the Company	264,563	-	-
Azm Digital Company for Communications and Information Technology	Revenue from affiliate	-	414,347	267,910
	Expenses paid/incurred by affiliate on behalf of the Company	-	16,030,764	24,391,611
	Expenses paid/incurred by the Company on behalf of Affiliate	-	151,307	672,549
Azm Development Private Company Ltd.	Expenses paid/incurred by affiliate on behalf of the Company	-	375,930	-
National Real Estate Platform Company	Expenses paid/incurred by the Company on behalf of associate	-	1,155,186	-
	Transfer to investment (note 9)	-	1,102,000	233,256

Business Innovation Mine Company	Revenue from affiliate	454,193	-	-
	Expenses paid/incurred by affiliate on behalf of the Company	236,370	-	-
Future Communication Company for Communications and Information Technology	Revenue from affiliate	66,367	73,469	-
	Expenses paid/incurred by the Company on behalf of affiliate	-	415,698	47,933
Machine Learning Company for Information Technology	Investment in an associate	-	-	2,812,500
	Expenses paid/incurred by associate on behalf of the Company*	-	-	1,482,385
	Expenses paid/incurred by the Company on behalf of associate		-	248,114

Source: The audited consolidated financial statements for the two fiscal years ending June 30, 2023, and 2024, as well as the condensed consolidated financial statements for the six-month period ending December 31, 2024.

*This amount includes invoices issued by a sister company/affiliate, which acts as a subcontractor for the group.

- The table below illustrates the balances to and from related parties as of June 30, 2022, 2023, 2024, and the period ending December 31, 2024:

Table Number (31): Balances with related parties

Related party	Nature of Material Transactions	As in 30/06/2022 (SAR)	As in 30/06/2023 (SAR)	As in 30/06/2024 (SAR)	As in 31/12/2024 (SAR)
Balances due from related parties					
Manjam Al-Amal Company for Development and Commercial Investment	Expenses paid on behalf; Revenues from an affiliate company	-	-	-	-
Al-Itmam Consultancy Company	Expenses paid on behalf; Revenues from an affiliate company	-	-	-	-
Azm Financial Technology Company	Revenues from an affiliate company	178,993	-	-	-
Saudi Azm Holding Company	Revenues from a holding company and a shareholder	-	35,210	-	-
National Real Estate Platform Company (Aqarek)	Transfer to investments	1,102,000	1,102,000	127,034	115,813
Total		**1,280,993**	**1,137,210**	**127,034**	**115,813**
Balances due to related parties					
Azm Financial Technology Company	Expenses incurred by an affiliate company on behalf of the Company.	-	8,483,674	2,342,697	12,308,508
Azm Digital Company for Communications and Information Technology	Expenses incurred by an affiliate company on behalf of the Company.	-	53,906	1,813,485	2,428,092
Machine Learning Company for Information Technology	Associate Company	-	-	-	1,140,025
Total			**8,537,580**	**4,156,182**	**15,876,625**
Compensation of senior management staff and members of the Board of Directors					
Short-term employee benefits*		2,363,528	2,436,944	3,042,528	1,934,026
End of Service Benefits		252,875	218,499	338,763	144,624
Remuneration of Board Members		-	215,000	221,000	354,000
Total		**2,616,403**	**2,870,443**	**3,602,291**	**2,432,650**

Source: The audited consolidated financial statements for the fiscal years ended June 30, 2022, 2023, and 2024, as well as the condensed consolidated financial statements for the six-month period ending December 31, 2024

*Benefits include Staff Short Deadline expenses Payments on basis Stocks In the amount of (334,708) Saudi riyals.

- The company has signed five (5) contracts with related parties, which include project management, operations, and administrative services contracts, where the second party performs all necessary tasks to operate and support project activities. These contracts include a confidentiality clause stating that both parties are committed to full confidentiality and shall not disclose any terms of the agreements.

Table Number (32): Contracts Concluded with Related Parties

Contract/ Agreement Date	Type of Contract/ Agreement	Party One	Party Two	Purpose	Duration	Value	Notes
02/11/1440H (corresponding to 09/05/2019)	Project Manage-ment Contract for Operations and Business Support	Related Party 1	Saudi Azm Company for Communications and Information Technology	Party Two performs all necessary work to operate and support the business of Related Party 1	36 months from 23/08/1440H (09/05/2019)	SAR 14,751,954	- Both parties are committed to full confidentiality and non-disclosure of contract terms. - The contract is subject to the applicable laws of the Kingdom of Saudi Arabia. In case of dispute, the competent courts shall be referred to if an amicable resolution cannot be reached.
28/10/1440H (01/07/2019)	Project Manage-ment Contract for Operations	Related Party 2	Saudi Azm Company for Communications and Information Technology	Party Two performs all necessary work to operate Related Party 2's center	12 months from notice to start work	SAR 17,495,520	- Both parties are committed to confidentiality and non-disclosure. - Reviewed an appendix dated 18/08/2020.
28/10/1440H (01/07/2019)	Project Manage-ment Contract for Operating the Regional Excel-lence Center in the Western Region	Related Party 3	Saudi Azm Company for Communications and Information Technology	Party Two performs all necessary work to operate Related Party 3's center	12 months from notice to start work	SAR 16,364,376	- Both parties are committed to confidentiality and non-disclosure. - The contract is subject to Saudi laws; disputes go to competent courts if not settled amicably. - Reviewed an appendix dated 18/08/2020.
06/10/1443H (07/05/2022)	Administrative Services Agree-ment	Related Party 4	Saudi Azm Company for Communications and Information Technology	Party Two provides HR and office facility services	Ends upon service completion	Monthly rent of SAR 43,888.44 by Party One Other costs to be agreed separately	- Reviewed the main agreement dated 19/12/2019, which includes eight (8) annexes detailing cooperation, project name, and scope of work.
22/04/1441H (19/12/2019) **Amended by agreement on 19/06/1441H (13/02/2020)**	Framework Agreement for Consultancy Services	Saudi Azm Company for Communications and Information Technology	Related Party 5	Party One provides consul-tancy services to Party Two, and vice versa, based on mutual agreement and nature of work	5 years	Actual cost calculated based on services delivered and after approval by Party One	- Reviewed (9) annexes including project service contracts signed by both parties (project names and signing dates listed). - Renewable for an equal term unless one party notifies the other in writing 6 months prior to expiry; otherwise auto-renewed. - Both parties are committed to strict confidentiality. - Subject to applicable Saudi laws; unresolved disputes after 30 days shall go to arbitration.

4.8.5. Leases

- The company has signed three (3) lease contracts as both lessee and lessor, involving the lease and sublease of a building that includes office spaces for conducting its operations.
- According to the 2023 financial statements, during 2022, the group entered into an agreement with Real Estate Projects Fund Company, under which the group leased a three-story building for eight (8) years. As a result, the group became a lessee and was required to record right-of-use assets and lease liabilities in accordance with IFRS. However, within the same month, the company subleased the 2nd and 3rd floors to different lessees. The 2nd floor was subleased for a period of two years and classified as an operating lease, while the 3rd floor was subleased for eight (8) years and classified as a finance lease.
- During 2022, the company entered into lease agreements for the head office building as both lessee and sub-lessor. The group's lease payments are determined over the lease periods and are discounted using an incremental borrowing rate of 7.45%.
- The contracts stipulate a rental amount that the Company pays to the lessor annually and their renewability. They also stipulate that they are considered void if the lessee is late in paying the rent, and the lessee is not entitled to sublease the property without obtaining the written consent of the lessor. Also, it is not permissible to change the method of use of the leased property or the activity without the lessor's consent. The following is a list of the Company's site lease contracts and their most important details:

4.8.5.1. Lease Contract Where the Company is the Lessee

- The company entered into a lease contract in its capacity as lessee, summarized as follows:

Table Number (33): Lease agreement for the company's site as a lessee

Lessor name	Lessee/ Investor	Property location	Property Type	Rental value	Contract duration	Start date	Expiry date	comments
Real Estate Projects Fund Company	Saudi AZM for Communication and Information Technology Company	Salem Bin Ayoub St. 7999, Unit 2280, 12329	commercial building	total 11,912,022 SAR	1,460 days	06/10/1443 H (Correspond-ing to 07/05/2022G)	19/11/1447 H (Corresponding to 06/05/2026G)	Digitally notarized contract

Source: Company

4.8.5.2. Lease contracts where the company is the lessor

- The Company has entered into two lease agreements as a lessor, as summarized below:

Table Number (34): Company leases as lessor

Lessor name	Lessee/ Investor	Property location	Property Type	Rental value	Contract duration	Start date	Expiry date	comments
Saudi AZM for Communication and Information Technology Company	Tatheer Financial Company	Salem Bin Ayoub St. 7999, Unit 2280, 12329	Building commercial	total 3,564,080 SAR	1,460 days	06/10/1443 H (Corresponding to 07/05/2022G)	19/11/1447 H (Corresponding to 06/05/2026G)	Digitally notarized contract
Saudi AZM for Communication and Information Technology Company	Capgemini Company	Wadi Al Yasin Street – Riyadh – King Khalid Road and Urouba Road, Plot No. (3855), Second Floor	Second floor	total 5,984,097 SAR for four years	Four (4) years	02/06/1443 H (Corresponding to 05/01/2022G)	The contract may be terminated after two (2) years by either party, provided the terminating party notifies the other party in writing at least six (6) months in advance.	Non-digitally notarized contract

Source: Company

4.8.6. Contracts related to the company's activity

The company holds a number of contracts and agreements as follows:

4.8.6.1. Contracts with Government Entities

- The Company has concluded forty-two (42) service provision contracts with governmental and semi-governmental entities.
- The contracts concluded with governmental entities under the unified model for government entities include common terms and conditions, summarized as follows:

1. First: These contracts are subject to the Government Tenders and Procurement Law issued by Royal Decree No. (M/128) dated 13/11/1440H and its Implementing Regulations issued by Ministerial Decision No. (1242) dated 21/03/1441H, as amended by Ministerial Resolution No. (3479) dated 11/08/1441H, and any future amendments, laws, or regulations replacing them.
2. Second: Subject to the jurisdiction of the committees formed under the Government Tenders and Procurement Law and any applicable or related regulation, the administrative courts in the Kingdom shall have jurisdiction over disputes unless the contract includes an arbitration clause in the event of a dispute between the two parties. For technical disputes, resolution is to be attempted amicably for (14) days. If unresolved, the dispute shall be referred to a formed dispute resolution panel. It is worth noting that some contracts include an arbitration clause, while others do not.
3. Third: While most contracts concluded with government entities prohibit the company from referencing the government entity, the contract, or the services in any advertisement, statement, disclosure, or presentation without prior written approval from the government entity, some contracts included confidentiality clauses regarding exchanged information.
4. Fourth: The contractor must comply with the Local Content, SME, and Public Company Preference Regulation issued by Cabinet Resolution No. (245) dated 29/03/1441H.
5. Fifth: Company's Liability
    - Company's Liability to the Government Entity:

      The company shall be liable to the government entity for any damage, claim, issue, legal proceeding, or direct cost or expense (including attorney fees) arising from or incurred by the government entity due to any of the following:

        - Poor performance in executing the contractual work.
        - Any negligence, omission, or misconduct by the company or its representatives in relation to the contract.
        - Any breach of the company's obligations under this contract.
        - Any violation of the laws and regulations of the Kingdom of Saudi Arabia.
    - Company's Liability to Third Parties:
    - The company shall be liable to any third party harmed as a result of its error or failure in performing the work.
6. Sixth: Quality Assurance
    - The company must provide a quality assurance plan for the services delivered to the

government entity.These services must comply with recognized and approved quality standards for evaluating service quality. This obligation does not exempt the company from any responsibilities or duties outlined in the contract.

7. Seventh: Contract Extension

- **The contract may be extended, or the company notified of an extension, in the following cases:**
  - If the company is assigned to provide additional services, the contract shall be extended in proportion to the volume, timing, and nature of the additional services.
  - If the annual financial allocations for the project are insufficient to complete the services on time.
  - If delays are caused by the government entity or due to force majeure.
  - If the company is delayed in performing the contract for reasons beyond its control.
  - If the government entity issues an order to suspend the services, or part thereof, for reasons unrelated to the company.
  - Granting the company an opportunity to complete the services and amend the schedule is not considered an extension exempt from penalty.
  - Except for extensions related to suspension, additional services, or funding shortages, contract extension with the company shall follow these steps:
    - The government representative shall prepare a technical report explaining the reasons and justifications for the extension, after receiving the company's request, and submit it to the entity within (21) days of receipt.
    - The extension request shall be technically reviewed, and a report on the extension period shall be prepared. The report is submitted to the Bid Evaluation Committee for review and to recommend an appropriate decision to the authorized person, with the minutes including the reasons and justifications, within a period not exceeding (30) days.
    - After approval by the authorized person, the contractor is notified of the extension. A copy is sent to the government entity representative to amend the timeline within (7) days.
    - The company shall amend the schedule within the specified period and in accordance with the government entity's direction.

8. Eighth: Partial Withdrawal

- **If the company breaches one or more parts of the services, the government entity shall notify it to rectify the issue within (15) days.**
- **If the company fails to comply, the government may execute the affected part(s) at the company's expense, not exceeding prevailing market prices.**
- **The company's dues may be withheld up to the value of services executed on its behalf until the cost is recovered, either directly or deducted from dues.**
- **Services executed on behalf of the company shall comply with the contract's terms and specifications.**
- **The government may immediately execute neglected services if they represent one or more**

contract items, while the company continues with the remaining services.

9. Ninth: Final Guarantee

- **A final guarantee equal to (5%) of the contract value must be provided. The government entity retains it until the company fulfills its obligations and completes final service delivery as per contract terms. The government may request extension of the guarantee before expiry, if justified, under the Tenders Law and contract conditions. The extension request is sent directly to the bank, with a copy to the company. If the bank does not process the extension in time, it must pay the guarantee value immediately. The government may confiscate the guarantee based on clear grounds and in accordance with the Tenders Law and its regulations after submission to the Bid Evaluation Committee or the Direct Purchase Offers Committee, as applicable. Confiscation is limited to the breached operation and does not extend to other operations or guarantees. In case of segmented contracts, the confiscation applies proportionally.The request shall be addressed to the bank directly, using the term "guarantee confiscation," and the bank must comply immediately.**

10. Tenth: Termination by the Government Entity

- **The government entity must terminate the contract in the following cases:**
    - If it is proven that the company, directly or indirectly, committed bribery, fraud, deception, falsification, or manipulation to obtain or execute the contract.
    - If the company becomes bankrupt, files for bankruptcy, is deemed insolvent, is placed under receivership, or is dissolved or liquidated.
    - If the company transfers the contract without approval from the government entity and the Ministry of Finance.
        - The government entity may terminate the contract in the following cases:
        - If the company delays commencement, slows execution, or breaches contract conditions and does not correct its position within (15) days of written notice.
        - If the company subcontracts without prior approval.
- **The government entity may terminate the contract for public interest with a (30) day notice. Upon termination under any of the above, the government may confiscate the final guarantee, without prejudice to its right to claim further compensation.**

11. Eleventh: Termination by Mutual Agreement

- **The contract may be terminated by mutual agreement in the following cases:**
    - If the government entity suspends all services for over (180) days for reasons unrelated to the company, and after notifying the government to resume services, no action is taken within (30) days.
    - If performance becomes impossible due to force majeure in accordance with the contract's force majeure clause.

12. Twelfth: Penalties

- **The company shall incur delay penalties for failing or falling short in performing its obligations:**
    - Any undelivered or improperly delivered items or services shall be deducted from the

company's dues, considered unsecured items.

- Without prejudice to other applicable regulations, any failure or delay by the company shall be subject to penalties according to the Authority's financial regulations. Where not addressed, the Government Tenders and Procurement Law applies.
- In all cases, if the company fails or breaches any obligation under this contract or its annexes, the Authority may remedy the breach at the contractor's expense or deduct it from dues, in addition to imposing legal penalties.
- The total penalty under this clause shall not exceed 20% of the total contract value.
- Without prejudice to the government entity's right to claim further damages, the total of all penalties, including for failure and local content violations, shall not exceed 20% of the total contract value.

Table Number (35):	Platform Development and Operation Contract
Parties	- Client 1 (Party One) - Saudi Azm for Communication and Information Technology Company (Party Two)
Subject of the Agreement	Party Two shall develop and operate a platform project, which Party One has been commissioned to undertake by the government entity, through subcontracting Party Two to execute the project under a service development and automation agreement with the government entity.
Agreement Duration and Renewal	(36) Gregorian months from the start date of execution. This annex was signed on 25/04/1441H (corresponding to 22/12/2019).
Agreement Value	SAR (11,904,585)
Payment Mechanism	Payments shall be made based on the payment schedule outlined in the annex text.
Assignment	Not specified in the annex.
Termination	Not specified in the annex.
Disputes	Not specified in the annex.
Applicable Law	Not specified in the annex.
Notes	This annex is subject to the terms and conditions stated in the referenced agreement.

Source: Company

Table Number (36):	Project Contract for Maintenance and Operation of Government Resource Systems and Database Updates
Contract Title	Project Contract for Maintenance and Operation of Government Resource Systems and Database Updates
Parties	- Client2 (First Party) - Saudi Azm for Communication and Information Technology Company (Second Party)
Subject of Agreement	The second party shall maintain and operate government resource systems, update databases, and provide consulting personnel.
Duration & Renewal	36 months from the date of site handover. Agreement signed on 02/01/1444H (31/07/2022G).
Contract Value	SAR 8,132,716.05 (subject to increase or decrease depending on actual executed work).
Payment Mechanism	Monthly installments according to the approved financial schedule.
Assignment Clause	Assignment or subcontracting requires prior written approval from the first party.
Termination	The first party may withdraw the work and terminate or execute at the second party's expense under specified conditions.
Dispute Resolution	Amicable settlement first; otherwise, under jurisdiction of administrative courts in Saudi Arabia.
Applicable Law	Laws and regulations in force in the Kingdom of Saudi Arabia.

Source: Company

Table Number (37):	Framework Agreement – Provision of Technical Services
Contract Title	Framework Agreement – Provision of Technical Services
Parties	- Client3 (First Party) - Saudi Azm for Communication and Information Technology Company (Second Party)
Subject of Agreement	The second party provides technical services as per agreed specifications.
Duration & Renewal	5 years from commencement notice. Signed on 23/01/1445H (10/08/2023G). Purchase orders extendable.
Contract Value	SAR 1,791,050.25 (based on monthly rates per annexes).
Payment Mechanism	Monthly payments according to project implementation.
Assignment Clause	No assignment or subcontracting without prior written approval from the first party.
Termination	Agreement or orders may be terminated based on conditions specified in the agreement.
Dispute Resolution	Administrative courts in Saudi Arabia have jurisdiction over disputes.
Applicable Law	Applicable laws, instructions, and decisions in the Kingdom of Saudi Arabia.

Source: Company

Table Number (38):	Consulting Services Contract
Contract Title	Consulting Services Contract
Parties	- Client4 (Government Entity) - Saudi Azm for Communication and Information Technology Company (Contractor)
Subject of Agreement	The contractor shall implement a consulting services project for registration and licensing on behalf of the government entity, according to the terms, specifications, and contract documents.
Duration & Renewal	12 months starting from the date of the project initiation minutes. The contract was signed on 14/06/1445H (27/12/2023G). It may be extended in specified cases.
Contract Value	SAR 1,130,002.65 (subject to increase or decrease depending on actual services performed).
Payment Mechanism	The Ministry of Finance processes the payment order after submission by the government entity.
Assignment Clause	Subcontracting allowed up to 30% with government approval; 30–50% requires pre-approval from the Efficiency Center and the government entity. Assignment of the contract or any part of it is not permitted without approvals from both the government entity and Ministry of Finance, and compliance with contract conditions.
Termination	The contract may be terminated by the government entity in specified cases or by mutual agreement.
Dispute Resolution	Subject to the jurisdiction of administrative courts unless arbitration is stipulated. Technical disputes resolved amicably within 14 days; unresolved cases are escalated to a designated dispute resolution board.
Applicable Law	This contract is subject to the Government Tenders and Procurement Law and its implementing regulations, as well as all applicable laws in the Kingdom of Saudi Arabia.
Notes	The contractor is prohibited from mentioning the government entity, contract, or services in any advertisement, statement, disclosure, or presentation without prior written approval.

Source: Company

Table Number (39):	Consulting Services Contract – Development of Digital Portals and Smart Applications
Contract Title	Consulting Services Contract – Development of Digital Portals and Smart Applications
Parties	- Client5 (Government Entity) - Saudi Azm for Communication and Information Technology Company (Contractor)
Subject of Agreement	The contractor shall carry out the development of digital portals and smart applications for the government entity according to the contract documents.
Duration & Renewal	24 months from the project commencement date. The contract was signed on 15/04/1444H (09/11/2022G). It can be extended in certain cases.
Contract Value	SAR 16,511,010 (subject to increase or decrease based on actual services performed).
Payment Mechanism	The Ministry of Finance processes the payment order upon submission by the government entity.
Assignment Clause	Subcontracting up to 30% allowed with government approval; 30–50% requires pre-approval from the Efficiency Center and the government entity. Assignment of the contract or any part of it is not permitted without approval from both the government entity and Ministry of Finance, subject to contractual conditions.
Termination	May be terminated by the government entity in defined cases, or by mutual consent of both parties.
Dispute Resolution	Administrative courts have jurisdiction unless the contract includes an arbitration clause. Technical disputes are first resolved amicably within 14 days; if unresolved, referred to a designated dispute resolution board. This contract includes an arbitration clause.
Applicable Law	Subject to the Government Tenders and Procurement Law and its executive regulations, as well as all applicable laws in Saudi Arabia.
Notes	The contractor is prohibited from referencing the government entity, the contract, or its services in any public disclosure or advertising without prior written approval.

Source: Company

Table Number (40):	Framework Agreement for Service Provision
Contract Title	Framework Agreement for Service Provision
Parties	- Client6 (Authority) - Saudi Azm for Communication and Information Technology Company (Consultant)
Subject of Agreement	The consultant, under this framework agreement, provides advisory services to the Authority along with a network of external experts.
Duration & Renewal	3 years. The agreement was signed on 20/05/1444H (corresponding to 14/12/2022G).
Contract Value	SAR 500,000 (estimated total allocated value).
Payment Mechanism	Payment is made in installments according to the annex and submitted payment requests.
Assignment Clause	The consultant may not assign or subcontract, in whole or in part, without prior written approval from the Authority.
Termination	The Authority has the right to terminate the agreement at its sole discretion, with or without reason, by giving at least 30 days' notice.
Dispute Resolution	Any disputes arising from this agreement shall be resolved amicably within 15 days. If no resolution is reached, the aggrieved party may resort to the competent judicial authority.
Applicable Law	The agreement and its annexes are subject to all applicable laws and regulations in the Kingdom of Saudi Arabia.
Notes	The consultant is obligated not to use any information or data obtained during service delivery for statistical or promotional purposes without written permission from the Authority.

Source: Company

Table Number (41):	Managed IT Services Project Contract
Contract Title	Managed IT Services Project Contract
Parties	- Client7 (First Party) - Saudi Azm for Communication and Information Technology Company (Second Party)
Subject of Agreement	The second party commits to providing services for the implementation of the Managed IT Services Project.
Duration & Renewal	The contract starts on 08/06/1444H (corresponding to 01/01/2023G) and ends on 18/06/1445H (corresponding to 31/12/2023G).
Contract Value	SAR 853,167.75
Payment Mechanism	The second party receives payment based on invoices submitted to the first party.
Assignment Clause	The second party may not assign or subcontract the contract without prior written approval from the first party.
Termination	The first party may terminate the contract at any time, with or without cause, by giving 30 working days' written notice. It also has the right to withdraw the work at the second party's expense in specific cases.
Dispute Resolution	If a dispute arises and is not resolved amicably, it shall be referred to the competent judicial authority in Saudi Arabia for final resolution.
Applicable Law	The contract is subject to all regulations, laws, instructions, decisions, and any applicable legal instruments in force in the Kingdom of Saudi Arabia.
Notes	The second party may not mention the first party, the contract, or the services in any announcement, statement, disclosure, or promotional material without prior written consent from the first party.

Source: Company

Table Number (42):	Managed IT Services Project Contract
Contract Title	Consulting Services Contract for the Games Program
Parties	- Client8 (Government Entity) - Saudi Azm for Communication and Information Technology Company (Contractor)
Subject of Agreement	The contractor shall provide consulting and administrative support services for the Games Program on behalf of the government entity.
Duration & Renewal	24 months starting from the date of commencement notice. The contract was signed on 23/03/1444H (corresponding to 19/10/2022G). It may be extended in specific cases.
Contract Value	SAR 19,253,300 (subject to increase or decrease depending on the actual services performed).
Payment Mechanism	The Ministry of Finance disburses payment after the request is submitted by the government entity.
Assignment Clause	Subcontracting is permitted up to 30% of the contract value with the government's approval. Subcontracting between 30% and 50% requires prior approval from both the Efficiency Center and the government entity. No assignment or partial assignment is allowed without written approval from both the government entity and the Ministry of Finance, and must meet all specified contract conditions.
Termination	The contract may be terminated by the government entity in specified cases, or by mutual agreement between both parties.
Dispute Resolution	Subject to the jurisdiction of administrative courts in Saudi Arabia unless the contract includes an arbitration clause. Technical disputes must first be resolved amicably within 14 days. If unresolved, they are referred to a designated dispute resolution board.
Applicable Law	The contract is governed by the Government Tenders and Procurement Law, its executive regulations, and other applicable laws in the Kingdom of Saudi Arabia.
Notes	The contractor is prohibited from referencing the government entity, contract, or services in any advertisement, statement, disclosure, or presentation without prior written approval.

Source: Company

Table Number (43):	Support and Operation Contract for Vision Realization Initiatives
Contract Title	Support and Operation Contract for Vision Realization Initiatives
Parties	- Client9 (First Party) - Saudi Azm for Communication and Information Technology Company (Second Party)
Subject of Agreement	The second party shall provide services for supporting and operating the Vision Realization Office's initiatives. This includes supplying materials, studies, human resources, and all necessary requirements in accordance with the contract terms and documents.
Duration & Renewal	24 Gregorian months, effective from the date of the project initiation record. The contract was signed on 04/09/1441H (corresponding to 27/04/2020G).
Contract Value	SAR 111,126,260.03
Payment Mechanism	The first party is obligated to make payments on the due dates and for the amounts specified in the contract.
Assignment Clause	The second party may not assign the contract or subcontract it without prior written consent from the first party.
Termination	The first party has the right to terminate the contract at any time by giving the second party a notice not exceeding 15 days.
Dispute Resolution	Any dispute arising from this contract that cannot be amicably resolved between the parties shall be adjudicated by the Board of Grievances, whose decision shall be final.
Applicable Law	This contract is subject to the laws and regulations in force in the Kingdom of Saudi Arabia.

Source: Company

Table Number (44):	Consulting Services Contract for Platform Management
Contract Title	Consulting Services Contract for Platform Management
Parties	- Client10 (Government Entity) - Saudi Azm for Communication and Information Technology Company (Contractor)
Subject of Agreement	The contractor shall provide consulting services for the management and operation of a platform in accordance with the terms and conditions of this contract.
Duration & Renewal	2 years from the contract signing date. The contract was signed on 28/04/1445H (corresponding to 12/11/2023G). It may be extended in specified cases.
Contract Value	SAR 9,826,044.81 (subject to increase or decrease depending on the actual services performed).
Payment Mechanism	The Ministry of Finance disburses payment after receiving a request from the government entity.
Assignment Clause	Subcontracting is permitted up to 30% of the contract value with approval from the government entity. Subcontracting from 30% to 50% requires prior approval from both the Efficiency Center and the government entity. Assignment of the contract or any part of it is not permitted without prior written approval from the government entity and the Ministry of Finance, and subject to compliance with contract terms.
Termination	The contract may be terminated by the government entity in specified cases, or by mutual agreement between both parties.
Dispute Resolution	Subject to administrative court jurisdiction unless arbitration is stipulated. Technical disputes are to be resolved amicably within 14 days; if unresolved, they are referred to a designated dispute resolution board.
Applicable Law	This contract is governed by the Government Tenders and Procurement Law, its executive regulations, and other laws in force in Saudi Arabia.

Source: Company

Table Number (45):	Foundation and Operations Services Contract
Contract Title	Foundation and Operations Services Contract
Parties	- Client11 (Government Entity) - Saudi Azm for Communication and Information Technology Company (Contractor)
Subject of Agreement	The contractor shall carry out the establishment and operational services of a center for the benefit of the government entity.
Duration & Renewal	36 months starting from the contract signing date. The contract was signed on 20/02/1445H (corresponding to 05/09/2023G). It may be extended in specific cases.
Contract Value	SAR 38,935,281.60 (subject to increase or decrease based on actual services rendered).
Payment Mechanism	The Ministry of Finance disburses payment upon submission from the government entity.
Assignment Clause	Subcontracting up to 30% of the contract value is allowed with the government's approval. Subcontracting between 30% and 50% requires prior approval from both the Efficiency Center and the government entity. Assignment of the contract or any part of it is not permitted without prior approval from both the government entity and the Ministry of Finance, in accordance with contract terms.
Termination	The contract may be terminated by the government entity in defined situations or by mutual agreement.
Dispute Resolution	Subject to administrative court jurisdiction unless arbitration is stipulated. Technical disputes must be resolved amicably within 14 days; if unresolved, they are referred to a dispute resolution board.
Applicable Law	This contract is governed by the Government Tenders and Procurement Law and its executive regulations, as well as applicable laws in Saudi Arabia.
Notes	The contractor is prohibited from mentioning the government entity, contract, or services in any public disclosure or announcement without prior written approval.

Source: Company

Table Number (46): IT Services Provision Contract	
Contract Title	IT Services Provision Contract
Parties	- Client12 (Government Entity) - Saudi Azm for Communication and Information Technology Company (Contractor)
Subject of Agreement	The contractor shall implement a project for developing an electronic portal to support partner entities on behalf of the government entity.
Duration & Renewal	24 months from the start work notice following the contract signing on 27/07/1445H (corresponding to 08/02/2024G). The contract may be extended.
Contract Value	SAR 3,099,984.85 (subject to increase or decrease depending on actual services rendered).
Payment Mechanism	The Ministry of Finance will disburse payment after it is submitted by the government entity.
Assignment Clause	Subcontracting is allowed up to 30% with government approval; 30%–50% requires prior approval from the Efficiency Center and the government entity. Assignment or partial assignment of the contract is not allowed without approval from both the government entity and the Ministry of Finance, and compliance with contract conditions.
Termination	The government entity may terminate the contract in specific cases or by mutual agreement.
Dispute Resolution	Subject to the jurisdiction of administrative courts unless arbitration is stipulated. Technical disputes are resolved amicably within 14 days; otherwise referred to a dispute resolution board.
Applicable Law	This contract is governed by the Government Tenders and Procurement Law, its executive regulations, and other laws in force in Saudi Arabia.
Notes	The contractor is prohibited from mentioning the government entity, the contract, or services in any advertisement, disclosure, or statement without prior written approval.

Source: Company

Table Number (47): Service Contract for Growth Program Phase 2	
Contract Title	Service Contract for Growth Program Phase 2
Parties	- Client13 (Government Entity) - Saudi Azm for Communication and Information Technology Company (Contractor)
Subject of Agreement	The contractor shall implement a project to operate and deliver the second phase of services for the Growth Program on behalf of the government entity.
Duration & Renewal	18 months from the project initiation record. The contract was signed on 28/07/1443H (corresponding to 01/03/2022G). The contract may be extended in specific cases.
Contract Value	SAR 15,418,897.55 (subject to increase or decrease based on actual services rendered).
Payment Mechanism	The Ministry of Finance will disburse payment after submission by the government entity.
Assignment Clause	Subcontracting is permitted up to 30% of the contract value with government approval. Subcontracting above 30% and below 50% requires prior approval from the Efficiency Center and the government entity. Assignment of the contract or part thereof is not allowed without written approval from both the government entity and the Ministry of Finance, in accordance with contract terms.
Termination	The government entity may terminate the contract in specific cases or by mutual agreement.
Dispute Resolution	Administrative courts in Saudi Arabia have jurisdiction unless arbitration is stipulated. Technical disputes should be resolved amicably within 14 days, otherwise referred to a dispute resolution board.
Applicable Law	The contract is governed by the Government Tenders and Procurement Law, its executive regulations, and other applicable laws in Saudi Arabia.
Notes	The contractor is prohibited from referencing the government entity, the contract, or services in any advertising, statement, disclosure, or presentation without prior written consent.

Source: Company

Table Number (48): Service Contract for a Project	
Contract Title	Service Contract for a Project
Parties	- Client14 (First Party) - Saudi Azm for Communication and Information Technology Company (Second Party)
Subject of Agreement	The second party shall provide services for a project to the first party through specialized personnel.
Duration & Renewal	From 25/05/1441H (corresponding to 20/01/2020G) to 15/10/1442H (corresponding to 27/05/2021G). The contract may be extended with the first party's approval.
Contract Value	SAR 3,012,766.05
Payment Mechanism	Payments are made via bank transfer to the second party's account.
Assignment Clause	The second party is not allowed to assign any of its obligations to a third party without prior written approval from the first party.
Termination	The first party has the right to withdraw work from the second party under specific conditions stated in the contract.
Dispute Resolution	In the event of a dispute, both parties shall attempt amicable resolution within 60 days. If unresolved, the dispute shall be referred to the competent judicial authority in Riyadh.
Applicable Law	The agreement is subject to applicable laws and regulations in the Kingdom of Saudi Arabia.
Notes	The second party must not use or display the trademarks, trade names, logos of the first party or its affiliates/services.

Source: Company

Table Number (49): Logistics Support Services Contract for Program Events	
Contract Title	Logistics Support Services Contract for Program Events
Parties	- Client15 (The Ministry) - Saudi Azm for Communication and Information Technology Company (Consultant)
Subject of Agreement	The consultant shall provide logistical support for program events. This includes supplying services, personnel, employees, materials, and everything necessary to fulfill the contract.
Duration & Renewal	The contract is effective from the commencement notice date until 16/05/1442H (corresponding to 31/12/2020G).
Contract Value	SAR 18,481,050
Payment Mechanism	The Ministry will pay the consultant based on completed tasks.
Assignment Clause	The consultant is not allowed to assign or subcontract the contract without prior written approval from the Ministry.
Termination	The Ministry may withdraw work from the consultant in specified cases. The contract may also be terminated in cases of force majeure. Additionally, the Ministry has the right to terminate the contract at any time before completion of services with a notice period not exceeding 15 days.
Dispute Resolution	Any dispute arising from the contract that cannot be resolved amicably shall fall under the jurisdiction of the Board of Grievances.
Applicable Law	The contract is subject to the laws and regulations in force in the Kingdom of Saudi Arabia.

Source: Company

Table Number (50): Contract for Development and Implementation of the Billing System	
Contract Title	Development and Implementation Services Contract for the Billing System
Parties	- Client16 (Government Entity) - Saudi Azm for Communication and Information Technology Company (Contractor)
Subject of Agreement	The contractor shall develop and implement a billing system for the government entity.
Duration & Renewal	24 months from the date of the commencement notice. The contract was signed on 21/10/1444H (corresponding to 11/05/2023G). The contract may be extended in specified cases.
Contract Value	SAR 8,998,966.20 (subject to increase or decrease depending on the actual services performed).
Payment Mechanism	The Ministry of Finance disburses payment after submission by the government entity.
Assignment Clause	Subcontracting is allowed up to 30% with government approval. Subcontracting between 30% and 50% requires prior approval from the Efficiency Center and the government entity. Assignment or partial assignment of the contract is not permitted without written approval from the government entity and the Ministry of Finance, in accordance with contract terms.
Termination	The government entity may terminate the contract in specific cases or by mutual agreement.
Dispute Resolution	Subject to administrative court jurisdiction unless arbitration is stipulated. Technical disputes must be resolved amicably within 14 days; otherwise, the matter is referred to a designated dispute resolution board.
Applicable Law	The contract is governed by the Government Tenders and Procurement Law, its executive regulations, and other applicable laws in Saudi Arabia.
Notes	The contractor is prohibited from mentioning the government entity, the contract, or services in any advertisement, disclosure, or statement without prior written approval.

Source: Company

Table Number (51): Advisory Services Contract – Digital Services Platform for Investor Journey	
Contract Title	Advisory Services Contract – Digital Services Platform for Investor Journey
Parties	- Client17 (Government Entity) - Saudi Azm for Communication and Information Technology Company (Contractor)
Subject of Agreement	The contractor will implement a digital services platform for the investor journey on behalf of the government entity in accordance with contract terms and documents.
Duration & Renewal	12 months from the project initiation report. The contract was signed on 21/01/1445H (corresponding to 08/08/2023G). Renewable under specific conditions.
Contract Value	SAR 18,501,200 (subject to increase or decrease depending on the actual services performed).
Payment Mechanism	The Ministry of Finance disburses the payment upon submission by the government entity.
Assignment Clause	Subcontracting is allowed up to 30% with government approval. Between 30%–50% requires prior approval from the Efficiency Center and the government entity. Assignment is not permitted without approval from the government entity and the Ministry of Finance.
Termination	The contract can be terminated by the government entity in specific cases, or by mutual agreement.
Dispute Resolution	Administrative courts in Saudi Arabia have jurisdiction unless arbitration is stipulated. Technical disputes are resolved amicably within 14 days, otherwise referred to a resolution board.
Applicable Law	Subject to the Government Tenders and Procurement Law and its implementing regulations in Saudi Arabia.
Notes	The contractor may not refer to the government entity, the contract, or services in any advertisement or disclosure without prior written approval.

Source: Company

Table Number (52): Contract for Provision of Advisory Services	
Contract Title	Contract for Provision of Advisory Services
Parties	- Client18 (Government Entity) - Saudi Azm for Communication and Information Technology Company (Contractor)
Subject of Agreement	The contractor shall implement an advisory services project according to the contract terms and documents.
Duration & Renewal	12 months starting from the date of signing on 03/12/1444H (corresponding to 21/06/2023G). Renewable in certain cases.
Contract Value	SAR 9,878,120 (subject to increase or decrease depending on actual services delivered).
Payment Mechanism	The Ministry of Finance disburses the payment after submission by the government entity.
Assignment Clause	Subcontracting up to 30% allowed with approval from the government. Between 30%–50% requires prior approval from the Efficiency Center and the government entity. No assignment of contract or parts thereof without prior approvals from both the government and the Ministry of Finance.
Termination	Can be terminated by the government in defined cases or by mutual agreement.
Dispute Resolution	Handled by administrative courts unless arbitration is stipulated. Technical disputes resolved amicably within 14 days, otherwise escalated to a dispute resolution board.
Applicable Law	Subject to the Government Tenders and Procurement Law and its executive regulations in the Kingdom of Saudi Arabia.
Notes	Contractor is prohibited from mentioning the government, contract, or services in any announcement or disclosure without prior written approval.

Source: Company

Table Number (53): Advisory Services Contract – Digital Transformation Acceleration Program (2021)	
Contract Title	Advisory Services Contract – Digital Transformation Acceleration Program (2021)
Parties	- Client19 (Government Entity) - Saudi Azm for Communication and Information Technology Company (Contractor)
Subject of Agreement	The contractor will provide advisory services for the 2021 Digital Transformation Acceleration Program.
Duration & Renewal	24 months from the project commencement notice. The contract was signed on 18/10/1443H (corresponding to 19/05/2022G). Renewable in specified cases.
Contract Value	SAR 83,650,080 (subject to increase or decrease depending on actual services performed).
Payment Mechanism	The Ministry of Finance will disburse payments upon submission by the government entity.
Assignment Clause	Subcontracting up to 30% is allowed with government approval. Between 30%–50% requires prior approval from the Efficiency Center and the government. No assignment without approvals from the government and the Ministry of Finance.
Termination	The contract may be terminated by the government entity in specific situations or by mutual agreement.
Dispute Resolution	Administrative courts have jurisdiction unless arbitration is stipulated. Technical disputes must be resolved amicably within 14 days; otherwise, they are escalated to a designated dispute resolution board.
Applicable Law	Governed by the Government Tenders and Procurement Law and its implementing regulations in the Kingdom of Saudi Arabia.
Notes	The contractor may not mention the government entity, contract, or services in any public communication without prior written approval.

Source: Company

Table Number (54): Operation and Maintenance Project Contract – Government Resource Systems	
Contract Title	Operation and Maintenance Project Contract – Government Resource Systems
Parties	- Client20 (Government Entity) - Saudi Azm for Communication and Information Technology Company (Contractor)
Subject of Agreement	The contractor shall implement the operation and maintenance of government resource systems including HR, finance, procurement, and inventory, in accordance with contract specifications.
Duration & Renewal	18 months from the site handover report. The contract was signed on 30/09/1445H (corresponding to 09/04/2024G).
Contract Value	SAR 5,705,150 (subject to increase or decrease depending on actual services performed).
Payment Mechanism	The Ministry of Finance will process payment orders after submission by the government entity.
Assignment Clause	Subcontracting is permitted up to 30% of the contract value with government approval. Subcontracting beyond 30% and up to 50% requires prior approval from the Efficiency Center and the government entity. Assignment of the contract or any part of it requires prior approval from both the government and the Ministry of Finance.
Termination	The contract may be terminated by the government entity in certain cases or by mutual agreement.
Dispute Resolution	Disputes are subject to administrative court jurisdiction unless arbitration is specified. Technical disputes are resolved amicably within 14 days, and if unresolved, referred to a dispute resolution board.
Applicable Law	The contract is subject to the Government Tenders and Procurement Law, its executive regulations, and all applicable laws in the Kingdom of Saudi Arabia.
Notes	The contractor is prohibited from referencing the government entity, the contract, or services in any public announcement or disclosure without prior written approval.

Source: Company

Table Number (55): Managed IT Services Contract	
Contract Title	Managed IT Services Contract
Parties	- Client21 (Government Entity) -Saudi Azm for Communication and Information Technology Company (Contractor)
Subject of Agreement	The contractor shall provide managed IT services as per the contract's terms and specifications.
Duration & Renewal	36 months starting from the work commencement record. The contract was signed on 21/12/1444H (corresponding to 09/07/2023G). Renewable under specified cases.
Contract Value	SAR 12,799,536.50 (subject to increase or decrease based on the actual services provided).
Payment Mechanism	The Ministry of Finance processes payment orders after submission from the government entity.
Assignment Clause	Subcontracting up to 30% is allowed with approval from the government entity. Subcontracting from 30% to less than 50% requires prior approval from the Efficiency Center and the government. Assignment or subcontracting in whole or part is not allowed without prior approvals from both the government entity and the Ministry of Finance.
Termination	The contract may be terminated by the government entity in specific cases, or by mutual agreement.
Dispute Resolution	Subject to administrative court jurisdiction unless arbitration is stipulated. Technical disputes must be resolved amicably within 14 days, failing which they are escalated to a dispute resolution board.
Applicable Law	This contract is governed by the Government Tenders and Procurement Law, its implementing regulations, and applicable Saudi laws.
Notes	The contractor may not refer to the government entity, contract, or services in any public communication without prior written approval.

Source: Company

Table Number (56): Advisory Services Project – Strategic Partnership Enhancement	
Contract Title	Advisory Services Project – Strategic Partnership Enhancement
Parties	- Client22 (Government Entity) - Saudi Azm for Communication and Information Technology Company (Contractor)
Subject of Agreement	The contractor shall provide advisory services to enhance the strategic partnership framework of the government entity, as per the contract terms and specifications.
Duration & Renewal	6 months from the signing date, which was on 09/04/1445H (corresponding to 24/10/2023G). Renewable in defined cases.
Contract Value	SAR 2,446,464.71 (subject to increase or decrease based on actual services performed).
Payment Mechanism	Payment orders are issued by the Ministry of Finance upon submission from the government entity.
Assignment Clause	Subcontracting up to 30% is allowed with approval from the government entity. Subcontracting from 30% to less than 50% requires prior approval from the Efficiency Center and the government. No assignment of the contract or any portion thereof is permitted without prior approvals from both the government and Ministry of Finance.
Termination	The government entity may terminate the contract in specific cases or by mutual agreement.
Dispute Resolution	Subject to administrative court jurisdiction unless arbitration is stipulated. The contract includes an arbitration clause. Technical disputes should be resolved amicably within 14 days, failing which a dispute resolution board is engaged.
Applicable Law	The contract is governed by the Government Tenders and Procurement Law, its executive regulations, and the applicable laws in the Kingdom of Saudi Arabia.
Notes	The contractor is prohibited from referencing the government entity, contract, or services in any public statement or announcement without prior written approval.

Source: Company

Table Number (57): Contract – Digital Platform System Development	
Contract Title	IT Contract – Development and Design of a Digital Platform System
Parties	- Client23 (Government Entity) - Saudi Azm for Communication and Information Technology Company (Contractor)
Subject of Agreement	The contractor is to develop and design a digital platform system in accordance with the specifications and contractual documents.
Duration & Renewal	36 months from the commencement record. The contract was signed on 25/05/1444H (corresponding to 18/12/2022G). Renewable in specific cases.
Contract Value	SAR 9,543,850 (subject to increase or decrease depending on actual services performed).
Payment Mechanism	Payment orders are issued by the Ministry of Finance after submission by the government entity.
Assignment Clause	Subcontracting up to 30% of the contract is allowed with government approval. Subcontracting from 30% to less than 50% requires prior approval from the Efficiency Center and the government entity. No assignment or partial assignment is allowed without written approval from both the government and the Ministry of Finance.
Termination	The contract can be terminated by the government entity in defined circumstances or by mutual agreement.
Dispute Resolution	Disputes are subject to administrative court jurisdiction unless arbitration is specified. Technical disputes are to be resolved amicably within 14 days; otherwise, they are referred to a designated dispute resolution board.
Applicable Law	This contract is governed by the Government Tenders and Procurement Law, its executive regulations, and the applicable laws of the Kingdom of Saudi Arabia.
Notes	The contractor is prohibited from referencing the government entity, contract, or services in any public disclosure, statement, or advertisement without prior written approval.

Source: Company

Table Number (58): Consulting Services Contract – Strategic Project Development	
Contract Title	IT Contract – Development and Design of a Digital Platform System
Parties	- Client24 (Government Entity) - Saudi Azm for Communication and Information Technology Company (Contractor)
Subject of Agreement	The contractor is to provide consulting services for the development of strategic projects under the terms and specifications defined in the contract documents.
Duration & Renewal	12 months from the date of the project initiation report. The contract was signed on 02/07/1445H (corresponding to 14/01/2024G). Renewal is permitted under specific circumstances.
Contract Value	SAR 7,512,400 (subject to change depending on actual services performed).
Payment Mechanism	The Ministry of Finance will issue the payment order following submission by the government entity.
Assignment Clause	Subcontracting up to 30% of the contract is allowed with prior government approval. Subcontracting beyond 30% and up to 50% requires prior approval from the Efficiency Center and the government. Assignment of the contract or any part thereof is not permitted without prior written approval from the government and the Ministry of Finance.
Termination	The contract may be terminated by the government in defined cases or by mutual agreement.
Dispute Resolution	Subject to the jurisdiction of the administrative courts of the Kingdom unless arbitration is agreed. Technical disputes are resolved amicably within 14 days, failing which they are escalated to a dispute resolution board.
Applicable Law	The contract is governed by the Government Tenders and Procurement Law, its executive regulations, and all applicable Saudi laws.
Notes	The contractor may not refer to the government entity, contract, or services in any announcement or disclosure without prior written approval.

Source: Company

Table Number (59): Consulting Services Contract – Evaluation and Development of Government Portals	
Contract Title	Consulting Services Contract – Evaluation and Development of Government Portals
Parties	- Client25 (Government Entity) - Saudi Azm for Communication and Information Technology Company (Contractor)
Subject of Agreement	The contractor shall execute a project to provide consulting services for evaluating and developing productive government portals, in accordance with the terms, specifications, and contract documents.
Duration & Renewal	6 Gregorian months from the project initiation record. The contract was signed on 01/09/1444H (corresponding to 23/03/2023G). It may be extended under specific conditions.
Contract Value	SAR 1,849,319.60 (subject to increase or decrease depending on the actual services rendered).
Payment Mechanism	The Ministry of Finance will process the payment order after submission by the government entity.
Assignment Clause	Subcontracting is allowed up to 30% of the contract value with prior approval from the government entity. Subcontracting beyond 30% and up to 50% requires prior written approval from the Efficiency Center and the government entity. Assignment of the contract or part of it is not allowed without approvals from the government entity and the Ministry of Finance, and in compliance with contractual conditions.
Termination	The contract may be terminated by the government entity in defined cases or by mutual consent.
Dispute Resolution	Disputes fall under the jurisdiction of the administrative courts of Saudi Arabia unless the contract specifies arbitration. Technical disputes must be resolved amicably within 14 days; if unresolved, they are escalated to a designated dispute resolution committee.
Applicable Law	This contract is subject to the Government Tenders and Procurement Law, its executive regulations, and the applicable regulations of the Kingdom of Saudi Arabia.
Notes	The contractor is prohibited from referencing the government entity, the contract, or related services in any advertisement, statement, disclosure, or presentation without prior written approval from the government entity.

Source: Company

Table Number (60): General Services Contract – Government Resources Systems Support	
Contract Title	General Services Contract – Government Resources Systems Support
Parties	- Client26 (Government Entity) - Saudi Azm for Communication and Information Technology Company (Contractor)
Subject of Agreement	The contractor shall execute support services for government resource systems in accordance with the terms, specifications, and contract documents.
Duration & Renewal	Two years from the date of the project initiation report. The contract was signed on 26/09/1445H (corresponding to 05/04/2024G). The contract may be extended under certain conditions.
Contract Value	SAR 6,874,773.60 (subject to increase or decrease depending on actual services performed).
Payment Mechanism	The Ministry of Finance issues the payment order after submission from the government entity.
Assignment Clause	Subcontracting is allowed up to 30% of the contract value with prior approval from the government entity. Subcontracting beyond 30% and up to 50% requires approval from the Efficiency Center and the government entity. The contractor may not assign the contract or any part of it without prior written approval from both the government entity and the Ministry of Finance, along with compliance with all contractual terms.
Termination	The contract may be terminated by the government entity under defined conditions or by mutual consent.
Dispute Resolution	Administrative courts in the Kingdom have jurisdiction over disputes unless the contract specifies arbitration. Technical disputes are resolved amicably within 14 days, and if unresolved, escalated to a dedicated dispute resolution committee.
Applicable Law	Subject to the Government Tenders and Procurement Law, its executive regulations, and the applicable laws of the Kingdom of Saudi Arabia.
Notes	The contractor is prohibited from referencing the government entity, the contract, or services in any advertisement, disclosure, or public presentation without prior written approval.

Source: Company

Table Number (61): Project Services Contract – Managed Services	
Contract Title	Project Services Contract – Managed Services for Government Entity
Parties	- Client27 (Government Entity) - Saudi Azm for Communication and Information Technology Company (Contractor)
Subject of Agreement	The contractor will provide managed services for the government entity in accordance with the contract terms, specifications, and documents.
Duration & Renewal	36 Gregorian months from the start notification. The contract was signed on 21/03/1443H (corresponding to 27/10/2021G). The contract may be renewed under specific conditions.
Contract Value	SAR 45,603,220.10 (subject to increase or decrease depending on actual services provided).
Payment Mechanism	The Ministry of Finance will process payment upon request from the government entity.
Assignment Clause	Subcontracting allowed up to 30% of contract value with prior approval from the government entity. Subcontracting for 30–50% of value requires prior approval from the Efficiency Center and the government entity. Assignment of the contract or any part requires prior written approval from the government entity and the Ministry of Finance.
Termination	The contract can be terminated by the government entity under defined cases, or mutually by both parties.
Dispute Resolution	Jurisdiction falls under the administrative courts of the Kingdom unless arbitration is stipulated (this contract includes an arbitration clause). Technical disputes must first undergo a 14-day amicable resolution period, failing which they are escalated to a designated dispute resolution panel.
Applicable Law	Subject to the Government Tenders and Procurement Law and its regulations, as well as all applicable laws in the Kingdom of Saudi Arabia.
Notes	The contractor may not reference the government entity, the contract, or services in any announcement, disclosure, or presentation without prior written approval.

Source: Company

Table Number (62): Services Contract – Establishment Growth System Operation	
Contract Title	Services Contract – Operation of the Establishment Growth System
Parties	- Client28 (Government Entity) - Saudi Azm for Communication and Information Technology Company (Contractor)
Subject of Agreement	The contractor shall execute the project for operating the Establishment Growth System in accordance with the contract's terms, specifications, and documents.
Duration & Renewal	24 months from the date of the project commencement report. The contract was signed on 06/04/1444H (corresponding to 31/01/2022G). It may be extended under specific conditions.
Contract Value	SAR 17,196,686 (subject to increase or decrease depending on the actual services provided).
Payment Mechanism	The Ministry of Finance will issue payment orders after receiving the request from the government entity.
Assignment Clause	Subcontracting is permitted up to 30% of the contract value with government entity approval. For subcontracting over 30% and under 50%, approval is also required from the Efficiency Center. No part of the contract may be assigned without prior approvals from the government entity and the Ministry of Finance, along with compliance to specified conditions.
Termination	The contract can be terminated by the government entity in defined circumstances, or by mutual agreement of both parties.
Dispute Resolution	Disputes fall under the jurisdiction of the Kingdom's administrative courts unless arbitration is specified. Technical disputes should be resolved amicably within 14 days; if unresolved, they will be referred to a designated dispute resolution board.
Applicable Law	Subject to the Government Tenders and Procurement Law, its executive regulations, and all applicable laws in the Kingdom of Saudi Arabia.
Notes	The contractor is prohibited from referencing the government entity, contract, or services in any public disclosure, advertisement, or presentation without prior written approval.

Source: Company

Table Number (63): Service Contract for Operation and Delivery of the Fourth Batch of Program Services	
Parties	- Client28 (Government Entity) - Saudi Azm for Communication and Information Technology Company (Contractor)
Subject of Agreement	The contractor shall execute the operation and delivery of the fourth batch of program services in accordance with the contract's terms, specifications, and documents.
Duration and Renewal	545 days starting from the date of the commencement report. The contract was signed on 15/02/1445H (corresponding to 31/08/2023). The contract may be extended in specific cases.
Contract Value	SAR 5,944,235 (subject to increase or decrease based on actual services executed).
Payment Mechanism	The Ministry of Finance issues the payment order after submission by the government entity.
Assignment	Subcontracting is permitted up to 30% of the contract value with government entity approval. For 30–50%, prior approval from the Spending Efficiency Realization Center and the government entity is required. Assignment of the contract or any part thereof is not allowed without approval from the government entity and Ministry of Finance, in accordance with contract conditions.
Termination	The contract may be terminated by the government entity under specified conditions or by mutual agreement.
Disputes	Administrative courts in Saudi Arabia have jurisdiction unless the contract includes an arbitration clause. Technical disputes shall be resolved amicably within 14 days, and unresolved issues shall be escalated to a designated dispute resolution board.
Governing Law	Government Tenders and Procurement Law and its implementing regulations in force in Saudi Arabia.
Notes	The contractor is prohibited from referring to the government entity, the contract, or services in any announcement, disclosure, or presentation without prior written approval.

Source: Company

Table Number (64): Platform Development and Operation Contract	
Parties	- Saudi Azm for Communication and Information Technology Company (First Party) - Client 30 (Second Party)
Subject of Agreement	The first party shall develop and operate a platform to improve processes and user experience, prepare data, provide technical support and cybersecurity services, and train specialized employees on new services based on second party requests.
Duration and Renewal	24 Gregorian months from the start notice. The contract was signed on 19/12/1443H (18/07/2022). The contract may be extended for one year and renewable up to three years by notifying the first party at least three months prior to contract end.
Contract Value	SAR 7,848,070 Extension cost per year: SAR 1,200,000
Payment Mechanism	Amounts due are paid within 30 days of receiving the invoice to the bank account specified.
Assignment	Not specified in the contract.
Termination	Either party may terminate the contract if the other breaches it and fails to rectify the breach within 90 days of notification. Termination may also occur by mutual agreement after 120 days from written notice.
Disputes	Disputes are resolved amicably within 30 days, then escalated to decision-makers for another 30 days. If unresolved, referred to the Saudi Center for Commercial Arbitration.
Governing Law	Laws of the Kingdom of Saudi Arabia.

Source: Company

Table Number (65): Consulting Services Contract for Platform Development and Operation	
Parties	- Client 31 (Government Entity) - Saudi Azm for Communication and Information Technology Company (Contractor)
Subject of Agreement	The contractor shall develop and operate a platform, provide technical support, and train specialized staff on newly developed services in accordance with contract documents and specifications.
Duration and Renewal	36 months from 11/07/1442H (23/02/2021). Renewable in specific cases.
Contract Value	SAR 3,431,163 (subject to variation based on actual services delivered).
Payment Mechanism	The Ministry of Finance issues the payment order after submission by the government entity.
Assignment	Same subcontracting and assignment terms as Table 63.
Termination	Can be terminated by the government entity under specific conditions or by mutual agreement.
Disputes	Jurisdiction: Administrative courts unless arbitration clause is present. Technical disputes are resolved amicably within 14 days and then by a dispute resolution board.
Governing Law	Government Tenders and Procurement Law and its implementing regulations in Saudi Arabia.
Notes	Contractor may not refer to the government entity or contract in any publication or statement without prior written approval.

Source: Company

Table Number (66): Strategy Study Services Project Contract	
Parties	- Client 32 (Government Entity) - Saudi Azm for Communication and Information Technology Company (Contractor)
Subject of Agreement	The contractor shall conduct and support strategy studies in accordance with the contract's terms and specifications.
Duration and Renewal	730 days starting from 24/10/1444H (14/05/2023). Renewable under specified conditions.
Contract Value	SAR 11,743,535.50 (subject to variation).
Payment Mechanism	Payment is made via Ministry of Finance upon request from the government entity.
Assignment	Same subcontracting and assignment terms as Table 63.
Termination	As per agreed conditions or mutual consent.
Disputes	Jurisdiction: Administrative courts unless arbitration is stipulated. Technical issues are resolved amicably within 14 days and escalated if unresolved.
Governing Law	Government Tenders and Procurement Law and regulations of Saudi Arabia.
Notes	Prior approval required before referencing the government entity or contract in any public material.

Source: Company

Table Number (67): Information Technology Contract – Benchmarking and Electronic Platform for Business Alignment	
Parties	- Client 33 (Government Entity) - Saudi Azm for Communication and Information Technology Company (Contractor)
Contract Subject	The contractor shall implement works to develop an effective platform that enables national and foreign enterprises and entrepreneurs to showcase and explore potential partnership projects, facilitate alignment between them, exchange experiences, and connect by activity and sector, per contract specifications.
Term and Renewal	One year from the start date of operations per the commencement report. The contract was signed on 12/05/1444H (06/12/2022G). Renewable under specific conditions.
Contract Value	SAR 2,953,200 – subject to increase or decrease based on actual services rendered.
Payment Mechanism	The Ministry of Finance issues the payment order after submission by the government entity.
Assignment/ Subcontracting	Subcontracting allowed up to 30% of the contract value with government approval. For 30–50%, prior approval is required from the Center for Spending Efficiency and the government entity. Assignment of the contract or part thereof is not allowed without approval from the government and Ministry of Finance and subject to all contract conditions.
Termination	The government entity may terminate under specified conditions. Termination by mutual consent is also permitted.
Disputes	Administrative courts in Saudi Arabia are competent unless arbitration is stipulated. Technical disputes to be resolved amicably within 14 days; if unresolved, via a designated dispute resolution board.
Governing Law	Subject to the Government Tenders and Procurement Law, its executive regulations, and applicable regulations in the Kingdom of Saudi Arabia.
Notes	Contractor must not reference the government entity, contract, or services in any publicity or disclosure without prior written approval.

Source: Company

Table Number (68): IT Contract for System Operation and Maintenance Project	
Parties	- Client 34 (Government Entity) - Saudi Azm for Communication and Information Technology Company (Contractor)
Contract Subject	The contractor shall implement the operation and maintenance of systems, including the provision of technical tools required to monitor all activities and operations ensuring optimal and uninterrupted 24/7 system and application performance, minimizing technical issues, proactively addressing challenges, and fulfilling change requirements to enhance quality, meet business needs, and improve user experience, in accordance with the contract documents.
Term and Renewal	Two years from the contract signing date. The contract was signed on 11/09/1445H (21/03/2024G). It may be renewed under specific conditions.
Contract Value	SAR 16,957,587.20 – subject to increase or decrease based on actual services rendered.
Payment Mechanism	The Ministry of Finance issues the payment order after submission by the government entity.
Assignment/ Subcontracting	Subcontracting allowed up to 30% of the contract value with government approval. For 30–50%, prior approval is required from the Center for Spending Efficiency and the government entity. Assignment of the contract or part thereof is not allowed without approval from the government and Ministry of Finance and subject to all contract conditions.
Termination	The government entity may terminate under specified conditions. Termination by mutual consent is also permitted.
Disputes	Administrative courts in Saudi Arabia are competent unless arbitration is stipulated. Technical disputes to be resolved amicably within 14 days; if unresolved, via a designated dispute resolution board.
Governing Law	Subject to the Government Tenders and Procurement Law, its executive regulations, and applicable regulations in the Kingdom of Saudi Arabia.
Notes	The contractor is prohibited from referencing the government entity, contract, or services in any announcements, statements, disclosures, or promotions without prior written approval.

Source: Company

Table Number (69): IT Contract for Billing and Payment System Activation	
Parties	- Client 35 (Government Entity) - Saudi Azm for Communication and Information Technology Company (Contractor)
Contract Subject	The contractor shall activate the billing and payment system for the government entity's initiatives according to the terms, specifications, and contract documents.
Term and Renewal	One Gregorian year. The contract date is 09/01/1443H (17/08/2021G). It may be extended under specific conditions.
Contract Value	SAR 5,195,047.95 – subject to increase or decrease based on actual services provided.
Payment Mechanism	The competent department processes the payment order.
Assignment/ Subcontracting	The contractor may not assign or subcontract any part of the contract without prior written approval from the government entity.
Termination	The government entity may terminate the contract under certain conditions. Termination is also possible by mutual agreement between both parties.
Disputes	Disputes are handled by the competent courts in Riyadh, unless the contract includes an arbitration clause. Technical disputes are first resolved amicably within 14 days; if unresolved, they are escalated to a designated dispute resolution board.
Governing Law	This contract is subject to the laws in force in the Kingdom of Saudi Arabia.
Notes	The contractor is prohibited from referencing the government entity, the contract, or the services in any advertisement, statement, disclosure, or presentation without prior written approval from the government entity.

Source: Company

Table Number (70): Consulting Services Agreement for Legal Advisory Project to Negotiate with Suppliers in Support of Framework Agreements	
Parties	- Client 36 (Government Entity) - Saudi Azm for Communication and Information Technology Company (Contractor)
Contract Subject	The contractor will conduct studies and analysis of high-level legal contracts for the program in accordance with the contract terms, specifications, and documents.
Term and Renewal	36 months starting from the commencement notice date. The contract was signed on 24/12/1442H (04/08/2021G). The contract may be extended in specific cases.
Contract Value	SAR 8,603,495.28 (subject to increase or decrease depending on the actual services performed by the contractor).
Payment Mechanism	The Ministry of Finance issues the payment order after it is submitted by the government entity.
Assignment	Subcontracting up to 30% of the contract value is permitted with prior approval from the government entity. Subcontracting exceeding 30% and up to 50% requires prior approval from the Efficiency Center and the entity. Assignment of the contract or any part of it is only allowed after obtaining approval from the government entity and the Ministry of Finance, and fulfilling the contract's stipulated conditions.
Termination	The contract can be terminated by the government entity under specific conditions. It may also be terminated by mutual agreement between the two parties.
Dispute Resolution	Administrative courts in Saudi Arabia have jurisdiction over disputes, unless the contract includes an arbitration clause. Technical disputes are to be resolved amicably within 14 days. If unresolved, they are referred to a designated dispute resolution board.
Governing Law	The contract is governed by the Government Tenders and Procurement Law and its executive regulations, as well as all applicable laws in the Kingdom of Saudi Arabia.
Notes	The contractor is prohibited from mentioning the government entity, the contract, or its services in any advertisement, public statement, disclosure, or presentation without prior written approval from the government entity.

Source: Company

Table Number (71): Framework Agreement for Services	
Parties	- Client 37 (First Party) - Saudi Azm for Communication and Information Technology Company (Service Provider)
Contract Subject	Providing the required services for the benefit of the First Party related to the supply of additional manpower.
Term and Renewal	One Gregorian year starting from 20/10/1442H (01/06/2021G). The First Party may renew the agreement for one more year by sending notice to the service provider at least 30 days before the original term ends.
Contract Value	Determined based on payment orders. The total value of payment orders must not exceed SAR 40,800,000 during the agreement term.
Payment Mechanism	The service provider shall issue monthly invoices.
Assignment	The First Party may assign or transfer any of its rights or obligations to a third party without prior written consent of the other party, but with notice. Saudi Azm may not assign or transfer its rights or obligations without prior written consent from the other party.
Termination	The First Party has the right to terminate the agreement under the terms specified therein.
Dispute Resolution	In case of dispute, Saudi courts shall have jurisdiction.
Governing Law	The agreement and all related matters are governed by the laws in force in the Kingdom of Saudi Arabia.
Notes	The service provider is prohibited from publishing any advertisement, disclosure, or promotional content related to this memorandum or any payment order without prior approval from the First Party.

Source: Company

Table Number (72): Framework Agreement for Fixing Technology Development Rates	
Parties	- Client 38 (First Party) - Saudi Azm for Communication and Information Technology Company (Second Party)
Contract Subject	Provision of required services to the First Party related to fixing the development rates of technology solutions.
Term and Renewal	Three Gregorian years effective from 15/02/1444H (11/09/2022G). The agreement shall be automatically renewed unless the First Party notifies the Second Party of its intent to terminate it at least 30 days prior to expiry.
Contract Value	According to the attached pricing table and based on the value of services rendered by the end of each year.
Payment Mechanism	The First Party shall pay the due amounts to the Second Party's account upon submission of claims detailing the completed work and corresponding amounts and dates.
Assignment	The Second Party may not assign the agreement or any part of it, or subcontract, without prior written approval from the First Party.
Termination	The First Party may terminate the agreement unilaterally at any time with a 30-day written notice. The Second Party may terminate only if the First Party delays payment by more than 30 days after written notification.
Dispute Resolution	If the dispute is not settled amicably within 30 days from the date of dispute, it shall be referred to the competent judicial authority in Riyadh.
Governing Law	The agreement is subject to any laws, regulations, or decisions issued by the competent public authority in the Kingdom of Saudi Arabia and shall be enforceable accordingly.
Notes	- The Second Party shall provide a bank guarantee of SAR 500,000 to ensure the proper execution of contractual obligations. - The Second Party must offer full opportunity for Saudis to fill appropriate jobs under this agreement, with a rate of 30%.

Source: Company

Table Number (73): Framework Agreement for Providing Consulting and Operational Services to Support the Strategic Partners of the National Housing Company and Its Affiliates	
Parties	- Client 39 (First Party) - Saudi Azm for Communication and Information Technology Company (Second Party)
Agreement Subject	The second party provides consulting and operational services to support the strategic partners of the company and its affiliates.
Term and Renewal	Two Gregorian years starting from 15/02/1445H (corresponding to 31/08/2023G). If the first party wishes to extend the agreement period, an annex will be signed by both parties specifying the extension.
Agreement Value	Based on the services provided and according to the pricing schedule in Annex 1.
Payment Mechanism	Payment shall be made within 30 days from the date of invoice submission and after issuance of the completion certificate and all required attachments.
Assignment	The second party may not assign or subcontract the agreement without prior written consent from the first party.
Termination	The first party may withdraw the work from the second party and has the right to suspend or terminate the agreement wholly or partially at its sole discretion, provided that the second party is notified at least 30 days in advance.
Disputes	Disputes shall be resolved amicably within a period not exceeding 60 days from the date of the dispute. If not resolved, the dispute shall be referred to the competent judicial authority in Riyadh.
Governing Law	The agreement is subject to all applicable laws and regulations in the Kingdom of Saudi Arabia.

Source: Company

Table Number (74): Consulting Services Contract	
Parties	- Client 40 (First Party) - Saudi Azm for Communication and Information Technology Company (Second Party – Contractor)
Agreement Subject	The contractor shall carry out managed services for activating government resource systems, knowledge management, and change management.
Duration and Renewal	36 months starting from the notice to commence work.
Agreement Value	SAR 29,828,805.80
Payment Mechanism	As per the bill of quantities and pricing schedule outlined in the contract.
Assignment	Any waiver of rights is not binding unless it is written and approved by both parties.
Termination	Either party may suspend or terminate the contract after notifying the other party at least 30 days in advance, and following the provisions and terms outlined in the contract.
Disputes	In case of a dispute regarding the interpretation or execution of the contract, both parties shall attempt to resolve it amicably within 14 days of receiving a notice from either party. If amicable resolution fails, the dispute shall be resolved by a designated dispute resolution board, comprising a representative from the government entity, a representative from the contractor, and a chairperson appointed by the Ministry of Finance from the public or private sector.
Governing Law	The contract is governed by the Government Tenders and Procurement Law issued by Royal Decree No. (M/128) dated 13/11/1440H and its implementing regulations issued by Ministerial Decision No. (1242) dated 21/03/1441H, amended by Ministerial Decision No. (3479) dated 11/08/1441H, and any amendments or replacing regulations or laws. The contract also adheres to the current laws in force in the Kingdom of Saudi Arabia, which shall govern its interpretation, execution, and dispute resolution.
Notes	Both parties are obligated to maintain the confidentiality of information and data related to the contract. The contractor is prohibited from disclosing any data related to the government entity to any party without prior approval from the government entity.

Source: Company

Table Number (75): Service Provision Contract	
Parties	- Client 41 (First Party – the Authority) - Saudi Azm for Communication and Information Technology Company (Second Party – Contractor – Service Provider)
Agreement Subject	Provision of services for designing, implementing, operating, and managing an automated service, along with submitting periodic reports.
Duration and Renewal	The contract ends on 25/12/2025. If either party wishes to extend the contract, they must notify the other in writing at least 15 days prior to the contract's expiry date.
Agreement Value	SAR 13,177,602.37
Payment Mechanism	Payment is made against statements or invoices submitted by the service provider to the Authority after completing each phase of services, within 30 days from the receipt date of the statement or invoice.
Assignment	The second party is not permitted to assign the contract without prior written approval from the first party.
Termination	The Authority may terminate the contract at any time provided that the service provider is given a 5-day notice. The contract is considered terminated after this period. Payment will be made for the completed services as per the contract value until the termination date.
Disputes	Any dispute arising from the application of this contract that is not resolved amicably within 30 days shall be referred to the competent judicial authority in the Kingdom of Saudi Arabia for final settlement.
Governing Law	The contract is governed by the laws and regulations in force in the Kingdom of Saudi Arabia and shall be interpreted and enforced accordingly.
Notes	The second party is required to provide a final bank guarantee to the Authority equal to 5% of the total contract value. The second party commits to treating all information related to its work obtained from the Authority or its representatives as strictly confidential.

Source: Company

Table Number (76): Advisory Services Contract	
Parties	- Client 42 (First Party – the Authority) - Saudi Azm for Communication and Information Technology Company (Second Party – Contractor – Service Provider)
Agreement Subject	Provision of open framework services for administrative, strategic, technical, and legal consultancy.
Duration and Renewal	The contract was signed (date not specified). The total duration of this framework agreement is four (4) Gregorian years. Termination or expiration of this agreement does not mean the termination or expiration of any existing purchase orders, which shall remain valid beyond the agreement period.
Agreement Value	SAR 500,000,000 annually
Payment Mechanism	The government entity is not obliged to allocate all or any part of the agreement's earmarked value in any purchase order. It will not be bound to issue any purchase order unless it commits or decides to do so. The entity is not required to pay any value unless a valid purchase order has been issued and services delivered accordingly.
Assignment	Not specified
Termination	Unless explicitly stated otherwise in a related notice, termination or expiration of this framework agreement does not terminate any existing purchase order, which will remain in effect and subject to the terms of this agreement.
Disputes	Without prejudice to the jurisdiction of the committees established under the Government Tenders and Procurement Law and any applicable or related regulations, all disputes, disagreements, or claims arising from or related to this agreement shall be settled by the administrative courts in the Kingdom of Saudi Arabia.
Governing Law	This contract is governed by the laws and regulations applicable in the Kingdom of Saudi Arabia and interpreted and enforced accordingly, including the Government Tenders and Procurement Law.

Source: Company

2 - Memorandum of Understanding Summary

Table Number (77): Non-Binding Memorandum of Understanding	
Parties	- Saudi Azm for Communication and Information Technology Company (Saudi Azm) - Client 42 (Second Party)
Agreement Subject	To explore the intention of Saudi Azm to potentially acquire Azm Financial Technology Company by purchasing all shares owned by its shareholders.
Duration and Renewal	This MoU was signed on 08/09/1444H (corresponding to 30/03/2023) for a period of 18 months. It can be extended by mutual written agreement between the parties.
Agreement Value	Not specified.
Payment Mechanism	Not specified.
Assignment	No party may assign or transfer any of its rights or obligations to a third party without the prior written consent of the other party.
Termination	The MoU may be terminated before its expiry in accordance with its terms. Saudi Azm may unilaterally terminate the MoU at any time without cause by notifying the shareholders of Azm Financial Technology Company in writing at least 10 days prior to termination.
Disputes	Any dispute regarding the interpretation or execution of the MoU shall be resolved amicably within 15 days of receiving a notice from either party. If unresolved, disputes shall be referred to arbitration and finally resolved under the rules of the Saudi Center for Commercial Arbitration in Riyadh.
Governing Law	The MoU and all matters related to it are governed by the laws and regulations applicable in the Kingdom of Saudi Arabia.
Notes	Any information related to the MoU is considered confidential. The parties agree not to make any public or media statements or promotions related to the potential acquisition without prior mutual consent.

Source: Company

Table Number (78): Intercompany Partnership Agreement for Financial and Digital Technology Services	
Parties	- Client (First Party) - Saudi Azm for Communication and Information Technology Company (Second Party)
Agreement Subject	Both parties coordinated to enter into a partnership to provide financial and digital technology services. They agreed to develop and operate a platform management system for digital brokerage services (the "Platform"), owned by the company, to enhance the technical framework of the financial services sector and facilitate integrated digital brokerage services linking clients to financial and lending institutions.
Duration and Renewal	The agreement takes effect the day after signing and continues for the company's operational duration of 50 Gregorian years.
Agreement Value	Both parties agreed to contribute 50% each to the company's capital. The in-kind share by the second party was valued at 50% at the time of signing.
Payment Mechanism	- The first party will contribute SAR 20 million upon entering the company after its conversion to a simplified joint stock company, thereby acquiring 50% ownership. - The second party will contribute its in-kind share.
Assignment	1. The first party may assign or transfer any of its rights or obligations to a subsidiary or any other party without needing the second party's consent. 2. The second party may not assign or transfer any of its rights or obligations without prior written approval from the first party. Even if approved, the second party remains liable for all obligations under the agreement.
Termination	Either party may terminate the agreement in the following cases: - If the other party provides materially inaccurate or misleading information. - In case of bankruptcy, insolvency, or a settlement with creditors. - If the other party breaches any obligation under the agreement. - In the event of agreement termination.
Disputes	1. Any dispute or disagreement must first be resolved amicably through good-faith negotiations within 30 days. 2. If unresolved, the dispute shall be referred to government bodies and competent courts under applicable regulations. 3. Disputes shall not relieve either party of non-disputed obligations under the agreement.
Governing Law	The agreement is governed by Islamic Sharia law and the applicable laws and regulations of the Kingdom of Saudi Arabia, including any amendments.
Notes	Both parties are required to maintain full confidentiality over all information related to this agreement and any marked as confidential.

Source: Company

4.8.6.2. Supply agreements

- **The company holds ten (10) supply agreements, including framework and master agreements for the provision of services and manpower supply.**

Table Number (79): Master Services Agreement	
Parties	- Saudi Azm for Communication and Information Technology Company - Client 43 (Second Party)
Subject of Agreement	Define the general terms and conditions related to the services provided by Azm (the platform), which FlexxPay Financing Company wishes to subscribe to in order to meet its financing needs for its clients participating in the platform, targeting SMEs and/or its retail operations. FlexxPay will use the platform for carrying out financing and collection activities related to supply chain financing and collections across various economic sectors in Saudi Arabia.
Term & Renewal	This agreement is effective as of 15/01/1445H (corresponding to 02/08/2023G) and remains valid for the duration of each individual service provision. It ends upon the termination or expiration of the last active service.
Value of Agreement	USD 50,000 as a one-time platform setup fee, in addition to 16% of profit revenue.
Payment Terms	Payments will be made in the following installments: - Upon project subscription: USD 12,500 - Upon start of User Acceptance Testing (UAT): USD 12,500 - Upon sign-off and UAT completion: USD 12,500 - Upon go-live: USD 12,500
Assignment	Except as explicitly provided in the agreement, neither party may assign, charge, or otherwise deal with its rights or obligations under this agreement.
Termination	The agreement may be terminated under the following circumstances: - Material breach by either party - Suspension or revocation of FlexxPay's license by the relevant authority - Insolvency, bankruptcy, or liquidation of either party - Either party becoming subject to sanctions by OFAC, the UN, or the EU - Any shareholder holding 20% or more or the ultimate beneficiary of either party becoming sanctioned by OFAC, the UN, or the EU. Additionally, either party may terminate the agreement by providing written notice to the other party three months prior to the annual renewal date.
Dispute Resolution	Disputes will be resolved amicably within 30 business days or referred to arbitration by the Saudi Center for Commercial Arbitration.
Governing Law	The laws and regulations of the Kingdom of Saudi Arabia.
Notes	The terms of this agreement are confidential.

Source: Company

Table Number (80): Framework Agreement – Workforce Provision	
Parties	- Client 44 (First Party) - Saudi Azm for Communication and Information Technology Company (Second Party)
Subject of Agreement	Provision of services and specialized workforce competencies.
Duration and Renewal	Effective from 12/01/1445H (30/07/2023G) for 36 months, ending 16/02/1448H (30/07/2026G). Renewal only upon explicit approval from the authorized signatory of the First Party.
Contract Value	Unspecified.
Payment Terms	The Second Party shall provide a detailed total price per service in monthly invoices.
Assignment	The Second Party may not assign any obligations to a third party without prior approval from the authorized signatory.
Termination	- First Party may terminate the agreement at any time by notifying the supplier in writing 30 business days before the termination date. - The Company may terminate or suspend execution or withdraw the project and re-tender without legal procedures, as per conditions outlined in the agreement.
Disputes	Disputes to be resolved internally and amicably; if unresolved, escalated or penalties imposed.
Applicable Law	Laws and regulations of the Kingdom of Saudi Arabia.

Source: Company

Table Number (81): Employee Provision Agreement	
Parties	- Client 45 (First Party) - Saudi Azm for ICT (Second Party)
Subject of Agreement	Provision of human resources including, but not limited to, employee services.
Duration and Renewal	From 29/03/1444H (25/10/2022G) for 15 Gregorian months, ending 19/06/1445H (31/12/2023G). Renewal only upon explicit approval from the First Party.
Contract Value	Unspecified.
Payment Terms	Monthly invoices itemizing total price by service.
Assignment	The Second Party may not assign obligations to any third party without prior approval.
Termination	- First Party may terminate the agreement anytime with 30 business days' notice. - First Party may terminate, suspend, or re-tender without legal procedures under specified conditions.
Disputes	To be resolved amicably and escalated if necessary.
Applicable Law	Laws and regulations of the Kingdom of Saudi Arabia.

Source: Company

Table Number (82): Master Services Agreement	
Parties	- Saudi Azm for ICT - Client 46 (Alinma Bank)
Subject of Agreement	Terms governing Azm's platform services to facilitate financing needs for SMEs and/or retail trade through financing and collection activities.
Duration & Renewal	From 05/03/1444H (01/10/2022G) and remains effective through each service's period until termination of the final service.
Contract Value	$50,000 USD (one-time setup fee) + profit/revenue share.
Payment Terms	- $12,500 USD at each milestone: project sign-up, UAT start, UAT completion, and go-live.
Assignment	No assignment or rights transfer unless explicitly permitted by the agreement.
Termination	Allowed for: - Material default - Loss of regulatory license - Insolvency - Sanctions on parties or 20%+ shareholders Termination requires 3 months' prior written notice.
Disputes	Amicable resolution within 30 working days or arbitration via the Saudi Center for Commercial Arbitration.
Applicable Law	Saudi Arabian laws and regulations.
Note	Confidentiality provisions apply.

Source: Company

Table Number (83): Service Provision Agreement	
Parties	- Azm IT Experience Company (First Party) - Client 47 (Second Party)
Subject of Agreement	Provision of qualified consultants to support international organizations on a project with the Ministry of Communications and IT.
Duration & Renewal	One year from 05/02/1443H (06/02/2022G) to 15/07/1444H (06/02/2023G).
Contract Value	$790,000 USD
Payment Terms	Four installments: Feb 28: $198,000 USD May 30: $198,000 USD Aug 30: $197,000 USD Nov 30: $197,000 USD (All excluding VAT)
Assignment	Not allowed without prior written approval from the First Party.
Termination	Not permitted by Second Party. First Party may terminate after a 15-day cure period upon continued breach. Force majeure exempt.
Disputes	Amicable within 15 days; otherwise resolved by a sole arbitrator in Riyadh.
Applicable Law	Saudi Arabian laws and regulations.
Note	Confidentiality maintained. Contract executed on official letterhead of Azm IT Experience.

Source: Company

Table Number (84): Contract Addendum	
Parties	- Saudi Azm for CIT - Client 48
Subject of Agreement	Addendum No. 2 to service contract dated 02/07/1443H (03/02/2022G) and addendum dated 16/11/1443H (15/06/2022G), modifying certain clauses.
Duration & Renewal	Signed on 18/06/1444H (11/01/2023G); no specific duration stated.
Contract Value	$749,317.99 USD
Payment Terms	By invoice.
Assignment	Not specified.
Termination	Not specified.
Disputes	Not specified.
Applicable Law	Not specified.
Note	Main agreement and prior addendum were not reviewed.

Source: Company

Table Number (85): Service Operation and Management Agreement	
Parties	- Saudi Azm for Communication and Information Technology Company - Client 48 (Second Party)
Subject of Agreement	Ithraa United for Business Services operates the contact center services for Azm externally (to measure client satisfaction on behalf of the client).
Duration & Renewal	One year starting from 15/05/1443H (19/12/2021G). If either party wishes to terminate the agreement before the original end date, they must notify the other party at least 60 days in advance. The agreement is subject to automatic renewal.
Contract Value	SAR 1,499,922
Payment Terms	Monthly service fees to be paid within 5 days from the date Azm collects the amount from the client.
Assignment	Not specified.
Termination	Not specified.
Disputes	Escalated to the next administrative level. If unresolved by the steering committee, an exceptional dispute resolution committee is formed.
Applicable Law	Laws and regulations of the Kingdom of Saudi Arabia.
Notes	Applications, data, and project-related information accessed by the second party's representatives are confidential.

Source: Company

Table Number (86): Statement of Work – Managed Security Services	
Parties	- Client 49 (Bank) - Saudi Azm for Communication and Information Technology Company (Service Provider)
Subject of Agreement	Based on the master services agreement dated 12/02/1443H (19/09/2021G), this statement outlines the managed security services for the operations center. Azm will use its enterprise monitoring and management tools to provide 24/7 monitoring and real-time dashboards for proactive issue detection and resolution.
Duration & Renewal	Effective from 24/02/1443H (01/10/2021G) to 04/03/1444H (30/09/2022G), unless terminated earlier as per the agreement. Renewal requires prior written approval from both parties.
Contract Value	SAR 3,400,000
Payment Terms	Monthly invoicing.
Assignment	Not specified.
Termination	Not specified.
Disputes	Not specified.
Applicable Law	Not specified.

Source: Company

Table Number (87): Framework Agreement for Digital Services	
Parties	- Saudi Azm for Communication and Information Technology Company (Service Provider) - Client 50 (Beneficiary)
Subject of Agreement	Enabling the beneficiary, linked to the provider's services, to utilize digital services.
Duration & Renewal	3 Gregorian years from signing date (22/12/1442H – 01/08/2021G), automatically renewable for similar terms.
Contract Value	Unspecified.
Payment Terms	Quarterly invoices issued by the provider.
Assignment	Not specified.
Termination	- Either party may terminate the agreement with no liability if relevant government procedures are canceled. - Either party may terminate immediately by written notice if certain conditions in the agreement arise. - Either party may terminate at any time with 90 days' written notice.
Disputes	To be resolved in good faith within 40 days. If unresolved, escalated to executive management. After 15 days, the matter is referred to the competent courts in Saudi Arabia.
Applicable Law	Laws and regulations of the Kingdom of Saudi Arabia.
Notes	Agreement was signed with a related party. "National Access Agreement" and "SIMTI Agreement" signed on 22/12/1442H (01/08/2021G) are integral parts of this agreement.

Source: Company

Table Number (88): Unified National Access Subscription Form	
Parties	- Client 51 (First Party) - Saudi Azm for Communication and Information Technology Company (Subscriber)
Subject of Agreement	Subscription request for the Unified National Access Service.
Duration & Renewal	One Gregorian year from the activation date, automatically renewable for a similar term.
Contract Value	SAR 3 per transaction.
Payment Terms	Based on the number of transactions.
Assignment	Not specified.
Termination	- Elm may immediately terminate or suspend the subscription in specific cases. - If the subscriber wishes to terminate, they must send an official letter to Elm requesting service discontinuation and account settlement. - If Elm terminates or suspends the subscription, it will notify the subscriber accordingly.
Disputes	Unresolved issues to be settled in the competent courts in Riyadh, Kingdom of Saudi Arabia.
Applicable Law	Laws and regulations of the Kingdom of Saudi Arabia.
Notes	The subscriber may not use the name or logo of Elm on social media without written consent. Elm has the right to cancel the subscription immediately if this is violated. Signed on 18/11/1440H (21/07/2019G).

Source: Company

4.8.6.3. Consultancy Service Contracts with External Consultants

- **The company has two (2) agreements with external consultants.**

Table Number (89): Consulting Services Agreement	
Parties	- Saudi Azm for Communication and Information Technology Company (First Party or Azm) - Client 52 (Second Party)
Subject of Agreement	The second party shall provide management consulting services to Azm's team for the Digital Services Platform for the Investor Journey Project and deliver the required project milestones.
Duration & Renewal	8 months starting from 20/08/1445H (01/03/2024). If either party wishes to renew the contract, they must notify the other party at least 30 days prior to its expiration.
Contract Value	SAR 776,480.42
Payment Terms	According to the payment schedule specified in the contract (monthly installments).
Assignment	Any waiver of rights shall not be binding unless in writing and approved by both parties.
Termination	Either party may suspend or terminate the contract by notifying the other party at least 60 days in advance and in accordance with the contract terms.
Disputes	In the event of a dispute regarding the interpretation or execution of the contract, both parties shall seek to resolve it amicably within 15 days of receiving a notice from the other party. If amicable resolution fails, the dispute shall be referred to arbitration.
Applicable Law	This contract is subject to all applicable laws, orders, decisions, and regulations in force in the Kingdom of Saudi Arabia, and the rules of the Saudi Center for Commercial Arbitration.
Notes	Both parties commit to maintaining the confidentiality of information and data related to the contract.

Source: Company

Table Number (90): Consulting Services Agreement and its Addendum	
Parties	- Saudi Azm for Communication and Information Technology Company (First Party) - Client 53 (Second Party)
Subject of Agreement	The second party shall provide consulting services including the assessment of the current situation of entities, sector and market analysis, benchmarking and best practices studies, and roadmap development.
Duration & Renewal	9 months starting from 19/10/1444H (09/05/2023).
Contract Value	SAR 3,329,999.95
Payment Terms	Subject to written approval by the General Authority for Small and Medium Enterprises for the services provided, and in accordance with the contract terms and conditions.
Assignment	Any waiver of rights shall not be binding unless in writing and approved by both parties.
Termination	Either party may terminate the contract according to the terms and conditions stated therein.
Disputes	In the event of a dispute regarding the interpretation or execution of the contract, both parties shall seek to resolve it amicably within 15 days of receiving a notice from the other party. If amicable resolution fails, the dispute shall be referred to arbitration.
Applicable Law	This contract is governed by all relevant laws, orders, decisions, and regulations in force in the Kingdom of Saudi Arabia, and the rules of the Saudi Center for Commercial Arbitration.
Notes	Both parties commit to maintaining the confidentiality of information and data related to the contract. A contract amendment dated 06/07/1445H (18/01/2024) was reviewed, modifying Article 1 and Article 5 of the contract.

Source: Company

4.8.6.4. Service Contracts with Auditors or Annual Fee Agreements with Law Firms

- **The company has service agreements with auditors and annual retainer agreements with law firms.**

Table Number (91): Legal Services Agreement	
Parties	- Law Firm (First Party) - Saudi Azm for Communication and Information Technology Company (Second Party)
Subject of Agreement	The first party shall provide legal services to the second party during the contractual year.
Duration & Renewal	One Gregorian year starting from 16/10/1442H (28/05/2022). The contract shall be automatically renewed for the same or similar term unless either party notifies the other in writing of its intent not to renew at least 45 days before the expiration of the original or renewed term.
Contract Value	As per the fee schedule specified in the contract.
Payment Terms	Invoices from the first party shall be paid within 15 days of submission, via bank checks or transfers.
Assignment	Not specified.
Termination	Either party has the right to terminate the contract by notifying the other party in writing at least 45 days in advance.
Disputes	Jurisdiction lies with the competent judicial authority in Riyadh, Saudi Arabia.
Applicable Law	This contract is subject to the provisions of Sharia and the applicable regulations in the Kingdom of Saudi Arabia.

Source: Company

Table Number (92): Accounting Services Agreement	
Parties	- Accountant - Saudi Azm for Communication and Information Technology Company
Subject of Agreement	Provision of audit services for the financial statements for the fiscal year ending June 30, 2024, and the semi-annual financial statements ending December 31, 2023.
Duration & Renewal	Until completion of the service.
Contract Value	SAR 400,000 for preparing the financial statements for the fiscal year ending June 30, 2024. Additional SAR 50,000 upon acquisition of Azm FinTech. SAR 50,000 for preparing the financial statements for the period ending December 31, 2023.
Payment Terms	70% upon signing the contract, 25% before starting the final fieldwork, and 5% upon delivery of the draft report.
Assignment	Not specified.
Termination	Not specified.
Disputes	Jurisdiction lies with the competent judicial authority in the Kingdom of Saudi Arabia.
Applicable Law	This contract is subject to the regulations in force in the Kingdom of Saudi Arabia.

Source: Company

3.8.6.5 Summary of Purchase Orders, Tax Invoices, Request for Proposal, Quotation, and Letter of Credit

Table Number (93): Purchase Orders

No.	Issuing Entity	Buyer/Beneficiary	Purchase Order Date	Subject	Value	Notes
1	Saudi Azm for Communications and Information Technology	Buyer 1 – Second Party	20/10/1442H (01/06/2021)	Subcontracting with Arthur D. Little Saudi Arabia regarding the Central Ministry of Health Project.	SAR 2,012,500	--
2	Saudi Azm for Communications and Information Technology	Buyer 2 – Second Party	20/10/1442H (01/06/2021)	Project related to the Ministry of Commerce.	SAR 11,385,000	Related to Quotation No. #1
3	Saudi Azm for Communications and Information Technology	Beneficiary 3 – Second Party	25/02/1444H (21/09/2022)	IT services.	SAR 4,306,920	--
4	Saudi Azm for Communications and Information Technology	Buyer 4 – Second Party	10/09/1444H (01/04/2023)	Design and technical support services.	SAR 1,944,440.70	Related party.
5	Gulf Computer and Electronic Equipment Company	Buyer 5 – Second Party	01/11/1444H (21/05/2023)	Project related to the Ministry of Justice.	SAR 575,000	--

6	Innovation Team for Communications and Information Technology	Beneficiary 6 – Second Party	28/01/1445H (15/08/2023)	IT services.	SAR 895,507.88	--
7	Saudi Azm for Communications and Information Technology	Beneficiary 7 – Second Party	14/04/1445H (30/10/2023)	Consulting services	SAR 1,078,184.80	--
8	Saudi Azm for Communications and Information Technology	Beneficiary 8 – Second Party	09/05/1446H (11/11/2024)	Provision of consulting services in development and training	SAR 11,760,000	A final bank guarantee of 5% of the total purchase order value must be submitted within 15 days of notification. Work may not commence before the guarantee is submitted.

Source: Company

Table Number (94): Tax Invoices

No.	Issuer	Client	Invoice Issue Date	Invoice Due Date	Total Amount Due	Invoice Subject
1	Saudi Azm for Communications and Information Technology	Client	21/09/1445H (31/03/2024)	23/12/1445H (29/06/2024)	SAR 452,000.60	First study for developing the operations of the General Directorate of Registration and Licensing.
2	Saudi Azm for Communications and Information Technology	Client	10/09/1445H (20/03/2024)	12/12/1445H (18/06/2024)	SAR 2,211,149.93	Provision of work teams.
3	Saudi Azm for Communications and Information Technology	Client	04/08/1445H (14/02/2024)	06/11/1445H (14/05/2024)	SAR 36,800	Administrative services – technical support.

Source: Company

Table Number (95): Request for Proposal

No.	Issuer	Request Date	Proposal Submission Deadline	Subject	Requirements
1	Client	09/11/1444H (29/05/2023)	23/11/1444H (12/06/2023)	Request for technical and financial proposals from invited competitors.	Initial guarantees issued by banks licensed in Saudi Arabia and a final guarantee equal to 5% of the contract value.

Source: Company

Table Number (96): Quotation						
No.	Issuer	Client	Quotation Date	Subject	Value	Notes
1	Saudi Azm for Communications and Information Technology	Client	02/07/1442H (14/02/2021)	Provision of services and equipment.	SAR 9,900,000	Related to Purchase Order No. #2

Source: Company

Table Number (97): Letter of Credit						
No.	Issuer	Approving Entity	Date of Letter	Subject	Offer Value	Notes
1	Issuing Entity	Approving Entity	Not specified	Proposal to support the development of a long-term strategy and operating model for the first and second health clusters in the central region.	SAR 1,750,000	The offer from the approving entity was submitted on 08/05/1442H (23/12/2020)

Source: Company

4.9. Assets and properties

4.9.1. Fixed assets

- According to the financial statements for the year ended June 30, 2024, and as of the date of preparing this transition document, the company does not own any fixed assets.

4.9.2. Movable assets

- According to the financial statements for the year ended June 30, 2023, the book value of the company's movable assets amounted to SAR 7,068,603, consisting of computers, equipment, furniture, furnishings, leasehold improvements, and a vehicle. As of June 30, 2024, the book value of these assets was SAR 6,706,128.

4.10. Loans and facilities

- According to the 2023 financial statements, the group entered into an agreement to obtain long-term and short-term loans from a finance company and the Social Development Bank in the Kingdom of Saudi Arabia with a total value of SAR 8,500,000 (SAR 2,000,000 in 2022), at variable commission rates. These loans are secured by personal guarantees from shareholders and promissory notes.
- According to the 2024 financial statements, the group entered into agreements to obtain long-term and short-term loans from local banks in the Kingdom of Saudi Arabia, with an outstanding amount of SAR 11.18 million as of June 30, 2024, at variable interest rates. This loan is secured by personal guarantees from the shareholder and promissory notes. The loans include certain covenants monitored monthly by management. In case of any potential breach, appropriate actions are taken by management to ensure compliance. During 2023 and 2024, there were no material breaches by the company of any covenants.
- The summary of credit facilities and loans includes details of the new and extended agreements entered by the company up to the date of this document as follows:

Table Number (98): Summary of Credit Facility Contracts as of December 31, 2024						
Financing Entity	Facility Expiry Date	Credit Limit (SAR)	Utilized Amount (SAR)	Repaid Amount (SAR)	Repayment Schedule	Notes
Al Rajhi Banking & Investment Corp.	27/05/1447H (18/11/2025)	35,000,000	19,169,791.84	None	No scheduled repayments; repayment is made if any guarantees are utilized	Utilized amounts represent guarantees issued for projects, with each guarantee having a different expiry date.
Banque Saudi Fransi	29/11/1446H (27/05/2025)	22,000,000	10,742,532.27	None	No scheduled repayments; repayment is made if any guarantees are utilized	Utilized amounts represent guarantees issued for projects, with each guarantee having a different expiry date.
Saudi Awwal Bank	22/09/1446H (06/02/2025)	20,000,000	3,081,129.17	None	Utilized amounts are guarantees; hence no fixed repayment schedule	Utilized amounts represent guarantees issued for projects, with each guarantee having a different expiry date.
Social Development Bank	02/10/1446H (31/03/2025)	8,500,000	8,500,000	6,071,428.57	Quarterly	None

Source: Company

Below is a summary of the financing agreements concluded by the Company:

- **Al Rajhi Banking and Investment Corporation**

Table Number (99): Financing agreement with Al Rajhi Banking and Investment Corporation

Funding body	Al Rajhi Banking For investment
Agreement/ Renewal Date	19/08/1445 H (Corresponding to 29/02/2024 G)
Borrower	The company
Facility/Loan Type/Amount	• SAR 2,000,000 – Facility for issuing bid bond guarantees, used to participate in projects related to the company's business activities with government and semi-government entities – Duration: 6 months. • SAR 10,000,000 – Facility for issuing advance payment guarantees, used to participate in projects related to the company's business activities with government and semi-government entities – Duration: 12 months. • SAR 35,000,000 – Facility for issuing performance bond guarantees, used to participate in projects related to the company's business activities with government and semi-government entities. The maximum limit for issuing the final guarantee is SAR 10,000,000, subject to bank approval – Duration: 36 months.
Duration	36 months
Value of facilities	Credit limit: 35,000,000 SAR
Important Terms and Conditions	• The company guarantees not to issue any shares or amend any rights related to the issued shares without the prior written approval of the bank. • The company guarantees not to distribute, pay, or declare any dividends or other distributions without the prior written approval of the bank. • Any change in the guarantor's capital is prohibited without the prior written approval of the bank. • The company guarantees not to obtain any loans, extend any credit, or provide any guarantees or indemnities without the prior written approval of the bank. • The company must ensure not to sell, lease, transfer, or dispose of all or part of its revenues or assets without the prior written approval of the bank. • The company guarantees not to create any financial encumbrance on any current or future proceeds or assets of any member of the group, except for permitted encumbrances. • The company undertakes to immediately notify the bank of any changes in the ownership of the issued capital of the obligor. • The agreement is governed by Saudi law, and any dispute arising from it that cannot be resolved amicably shall be referred to the competent judicial authority in Riyadh.
Attachments	• Corporate guarantee declaration dated 19/08/1445H (corresponding to 29/02/2024G) submitted by the company. • Promissory note issued on 29/02/2024G with a value of SAR 35,000,000 made out in the name of Saudi AZM Company for Telecommunications and Information Technology. • Declaration of joint and several liability and commitment dated 19/08/1445H (corresponding to 29/02/2024G) signed by the company in favor of Al Rajhi Banking & Investment Corporation. • Annex I: Key terms and conditions of the banking facilities. • Renewal of the facilities agreement dated 19/08/1445H (corresponding to 29/02/2024G).

Source: Company

- **Saudi Fransi Bank**

Table Number (100): Financing agreement with Saudi Fransi Bank

Funding body	Saudi Fransi Bank
Agreement/ Renewal Date	15/09/1444 H (corresponding to 06/04/2023 G)
Borrower	The company
Facility/Loan Type/Amount	• -Islamic multi-bond financing limit: 5,000,000 SAR • - Islamic down payment limit: 1,500,000 SAR • - Multi-purpose financing: Financing of secured Tawarruq through approved advance payment. Limit: 2,000,000 SAR.
Duration	expires on 30/04/2024 G
Value of facilities	Credit limit: 22,000,000 SAR
Important Terms and Conditions	• On 14/04/1442H (29/11/2020G), the company entered into a banking facility agreement with Saudi Fransi Bank, which was renewed on 15/09/1444H (06/04/2023G) according to the issued letter. • The second party agrees to compensate the first party for all costs and losses incurred due to non-compliance with the terms of the agreement. • Neither party may assign or transfer any of its rights under this agreement without prior written approval from the other party. • The financing agreement will end on 30/04/2024G. The bank may extend this period at its discretion.
Attachments	• Renewal letter of facilities dated 15/09/1444 H (Corresponding to 06/04/2023G) • Promissory note issued by Saudi AZM Communications and IT Co. for SAR 22,000,000, dated 15/09/1444H (06/04/2023G).

Source: Company

- **Saudi Awwal Bank (SAB)**

Table Number (101): Financing agreement with SAB	
Funding body	Saudi Awwal bank (SAB)
Agreement/ Renewal Date	07/03/1445 H (Corresponding to 15/01/2024 G)
Borrower	The Company
Facility/Loan Type/Amount	• SAR 5,000,000 for working capital requirements - Murabaha transaction • SAR 3,000,000 for preliminary guarantee - For issuing preliminary guarantee • SAR 15,000,000 for performance guarantee - For issuing performance guarantee
Duration	One (1) year from the date of the offer letter issued on 03/07/1445 H (Corresponding to 15/01/2024 G).
Value of facilities	Credit limit: SAR 20,000,000 SAR
Important Terms and Conditions	• The bank provides credit facilities to the company based on the offer letter signed by both parties on 03/07/1445H (15/01/2024G) with a credit limit of SAR 20,000,000. • The use of facilities is conditional upon the submission of contract revenue assignments in favor of the bank, covering the value of the facilities with at least 100% coverage at all times. • The company must provide a guarantee from the Kafalah Program for financing small and medium enterprises, covering 72% of the total facilities. • The company must submit a board resolution approving the banking facilities and specifying the individuals authorized to sign the guarantee documents. • Renewal: Before or on the expiration date of the facilities, the bank, at its sole discretion, may review the related facilities and notify the company of any amended terms and conditions. The bank will inform the company if it decides (at its discretion) to renew any of the facilities. • The company is in default if it fails to pay, breaches any contractual obligations, provides incorrect statements, exceeds the financing limit, or sub-limit. • The company is in default if there is any change in control or ownership without the bank's prior written approval.
Attachments	• Personal guarantee signed between the bank and Mr. Ali bin Muhammad bin Rashid Al-Balla for SAR 20,000,000 (not signed). • Signing instructions, general terms and conditions. • Promissory note issued by Saudi AZM Communications and IT Co. for SAR 20,000,000 dated 03/07/1445H (15/01/2024G). • Offer letter for the facilities provided on 03/07/1445H (15/01/2024G).

Source: Company

- **Social Development Bank**

Table Number (102): Financing Agreement with Social Development Bank	
Funding body	Social Development Bank
Agreement/ Renewal Date	13/10/1444 H (corresponding to 03/05/2023 G)
Borrower	The Company
Facility/Loan Type/Amount	• Type of Financing: Operating cycle financing, with 60% of the financing amount allocated for salaries and wages
Duration	The financing period is two years, with a repayment period of 21 months
Value of facilities	Credit limit: 8,500,000 SAR.
Important Terms and Conditions	• On 13/10/1444H (03/05/2023G), the company entered into a financing agreement with the Social Development Bank for the Information Technology sector, with a credit limit of SAR 8,500,000. • - The company confirms that there are no pending or ongoing lawsuits, disputes, legal actions, violations of any laws, regulations, orders, mandates, or contracts against it or its subsidiaries. • - The company is committed to repaying the installments in quarterly payments over 2 years, including a 3-month grace period. • - In case of creation or development of any intellectual property arising from this agreement by the parties, all intellectual property rights will be jointly owned by the parties.
Attachments	• A Promissory note issued on 13/10/1444H (03/05/2023G) for SAR 8,500,000 by Saudi AZM Communications and IT Co. in favor of the Social Development Bank.

Source: Company

4.11. Trademarks and Intellectual Property Rights

- The company owns the "Azm" logo, which it uses in its commercial dealings. The company obtained a Trademark Registration Certificate from the Saudi Authority for Intellectual Property under number (1442030384) dated 22/12/1442H (corresponding to 01/08/2021G), under class (38), which pertains to telecommunications services and broadcasting of radio and television programs. This registration grants the company the necessary legal protection under the Trademark Law, enabling it to display and use the trademark on its products and on the exterior of its offices.
- The following table highlights the key details of the trademark registration Certificate:

Table number (103): Trademark					
Registration number	Category	date Registration	Protection start date	Protection end date	The Trademark
1442030384	38	22/12/1442 H (corresponding to 01/08/2021 G)	29/09/1442 AH (corresponding to 11/05/2021 G)	28/09/1452 AH (corresponding to 22/01/2031 G)	عزم السعودية SAUDI AZM

Source: Company

- As of the date of preparing this transition document, the company also possesses intangible assets in addition to its trademark, consisting of digital platforms developed by the group.
- The company is committed to registering its official website domain (@azm.sa), ensuring its protection and preventing any infringement or unauthorized use by others. This is supported by a Certificate issued by the Communications and Information Technology Commission – Saudi Network Information Center dated 15/08/1442H (corresponding to 28/03/2021G), confirming the protection of the company's domain name. As such, the company's domain name (@azm.sa) is now protected, enabling it to prevent infringement of its rights in this regard and block others from using a similar domain.

4.12. Legal disputes

As of the date of this document, the Company is not a party to any lawsuits, legal claims, complaints, demands, rulings, legal procedures, or ongoing administrative investigations or anticipated actions, whether individual or collective, that would have, or may have, a material adverse effect on the Company's business or financial position. Furthermore, the Company's management has no knowledge of any existing legal proceedings whether currently filed or anticipated, individual or collective, or of any facts that could give rise to such proceedings relating to a material dispute:

4.13. Legal Information and Declarations of the Board of Directors

The Board of Directors declare the following:

1. The transition does not affect any contracts or agreements to which the issuer is a party.
2. All material legal information regarding the issuer has been disclosed in the transition document.
3. The issuer complies with the requirements of the Corporate Governance Regulations, the disclosure requirements stated in these regulations, the Companies Law, and the regulatory rules and procedures issued in implementation of the Companies Law for listed joint-stock companies.
4. Except as stated on page (58) of this document, the issuer and its subsidiaries are not subject to any claims or legal actions that may, individually or collectively, materially affect the business or financial position of the issuer or its subsidiaries.
5. The members of the issuer's Board of Directors are not subject to any lawsuits or legal proceedings that may individually or collectively have a material impact on the operations or financial position of the issuer or its subsidiaries.
6. There has been no disruption in the business of the issuer or any of its subsidiaries that could or has

materially impacted the financial position during the past 12 months.

7. Except as stated on page (C) of this document, the board members or their relatives have no shares or interests of any kind in the issuer or its subsidiaries.

5. Management's Discussion and Analysis of the Financial Position and Operating Results

5.1. Introduction

The Management Discussion and Analysis (MD&A) section of the financial position and results of operations presents an analytical overview of the performance and financial position of Saudi Azm Telecom and Information Technology Company ("the Company") and its subsidiaries (collectively referred to as "the Group") for the fiscal years ended June 30, 2022, 2023, and 2024, and for the six-month period ended December 31, 2024, along with the comparative figures for the six-month period ended December 31, 2023. This section is based on, and should be read in conjunction with, the Group's audited consolidated financial statements for the fiscal years ended June 30, 2022, 2023, and 2024, and the accompanying notes (hereinafter referred to collectively as the "Audited Financial Statements"), as well as the unaudited condensed consolidated interim financial statements for the six-month period ended December 31, 2024, including the comparative figures for the six-month period ended December 31, 2023, and the accompanying notes.

The consolidated financial statements for the fiscal years ended June 30, 2022, and 2023 were audited by Ernst & Young Professional Services (a limited liability professional company). The consolidated financial statements for the fiscal year ended June 30, 2024 were audited by PricewaterhouseCoopers, Certified Public Accountants. The unaudited condensed consolidated interim financial statements for the six-month period ended December 31, 2024, were reviewed by PKF Al Bassam, Certified Public Accountants and Auditors.

Ernst & Young Professional Services, PricewaterhouseCoopers, PKF Al Bassam, their staff (including the engagement team providing services to the Company), and any of their relatives, do not own or hold any shares or interests of any kind in the Company. The auditors have provided their written consent to the use of their names, logos, and statements or reports (as applicable), which have not been withdrawn, in relation to the reference made in the Transition Document to their role as the Company's auditors for the periods mentioned above, except for the auditors of the years ended June 30, 2022, 2023, and 2024, who confirmed their independence as auditors of the Company up to the date of signing the audit reports.

For the purposes of this document, "relatives" are defined as immediate family members in accordance with the International Code of Ethics for Professional Accountants (including International Independence Standards) as adopted in the Kingdom of Saudi Arabia.

The audited consolidated financial statements for the fiscal years ended June 30, 2022, 2023, and 2024 were prepared by the Group in accordance with the International Financial Reporting Standards (IFRS) as adopted in the Kingdom of Saudi Arabia and other standards and pronouncements endorsed by the Saudi Organization for Chartered and Professional Accountants (SOCPA) (hereinafter collectively referred to as "IFRS as adopted in the Kingdom of Saudi Arabia"). The unaudited condensed consolidated interim financial statements for the six-month period ended December 31, 2024 were prepared in accordance with International Accounting Standard (IAS) 34 – "Interim Financial Reporting" as adopted in the Kingdom of Saudi Arabia and other pronouncements issued by SOCPA.

All financial information presented in this section is in Saudi Riyals unless otherwise stated. Figures in this report are rounded to the nearest thousand Saudi Riyals. As a result, totals in the tables may not precisely match the sum of the components. Additionally, all percentages, annual growth rates, and profit margins are rounded to the nearest decimal point; therefore, percentage calculations using the figures in the tables may not exactly match the percentages shown.

During the fiscal year ended June 30, 2024, and the six-month period ended December 31, 2024, the Group identified that certain items in the consolidated financial statements did not comply with IAS 1 "Presentation of Financial Statements" and IAS 7 "Statement of Cash Flows." The Group also reassessed the accounting treatment of a contract under IFRS 15 "Revenue from Contracts with Customers." This resulted in adjustments to certain items in the comparative information related to the year ended June 30, 2023, and the three-month and six-month periods ended December 31, 2024. These adjustments had no impact on the consolidated statement of financial position as of June 30, 2023, or the consolidated statement of changes in equity for the year then ended.

The financial information presented in this section has been extracted without material changes from the audited consolidated financial statements for the fiscal years ended June 30, 2022, 2023, and 2024, and the unaudited condensed consolidated interim financial statements for the six-month period ended December 31, 2024, and their accompanying notes. The figures for the fiscal year ended June 30, 2022, are used as classified in the audited consolidated financial statements for the fiscal year ended June 30, 2023. The figures for the fiscal year ended June 30, 2023, are used as classified and adjusted in the audited consolidated financial statements for the fiscal year ended June 30, 2024. The comparative figures for the six-month period ended December 31, 2023, are used as classified in the unaudited condensed consolidated interim financial statements for the six-month period ended December 31, 2024.

This section may include forward-looking statements relating to the Company's future potential based on current management plans and expectations regarding the Company's growth, operational results, and financial condition. These statements are subject to risks and uncertainties, and the Company's actual results may differ materially from such expectations due to various future factors and events, including those discussed in this section of the Transition Document or elsewhere in it.

5.2.Approval of the Board of Directors of Saudi AZM Company for Communications and Information Technology Regarding the financial statements

The members of the Board of Directors of the Company acknowledge the following:

1. The financial information contained in this section has been extracted without material modifications and presented in a form consistent with the audited consolidated financial statements for the fiscal years ended June 30, 2022 , 2023 and 2024 , and the accompanying notes thereto, which were prepared by the Company in accordance with the International Financial Reporting Standards adopted in the Kingdom of Saudi Arabia and other standards and pronouncements approved by the Saudi Organization for Certified Public Accountants .

2. The consolidated financial statements for the fiscal years ended June 30, 2022, and 2023, have been audited in accordance with International Standards on Auditing (ISA) as adopted in the Kingdom of Saudi Arabia by Ernst & Young Saudi Arabia, a limited liability professional services firm. The consolidated financial statements for the fiscal year ending June 30, 2024, have been audited by PricewaterhouseCoopers, Chartered Accountants. Additionally, the preliminary financial information for the six-month period ended December 31, 2024, has been

reviewed in accordance with International Standard on Review Engagements (ISRE) 2410, and was performed by BKF Al Bassam, Chartered Accountants.

3. 3. That the Group has sufficient working capital to cover at least 12 months immediately following the date of publication of the transition document.

4. That no material adverse change in the financial or commercial position has occurred during the three years immediately preceding the date of the transition application, in addition to the end of the period covered by the auditor's report until the approval of the transition document, except as disclosed in this section or other sections of this document, particularly the factors mentioned in Section (2), "Risk Factors."

5. That all material facts relating to the Group and its financial performance have been disclosed in this document, and that there is no information, documents or other facts the omission of which would make the statements contained in this document misleading.

6. That no commissions, discounts, brokerage fees or non-cash compensation were granted by the Group to any of the members of the Board of Directors, senior executives, those offering or offering securities or experts during the three financial years immediately preceding the date of submitting the registration and offering of the securities.

7. That the company's capital is not subject to any rights of option.

8. That the group is not aware of any seasonal factors or economic cycles related to its activities that may impact the business and financial position of the company.

9. There are no mortgages, rights, encumbrances or costs on the Group's properties as of the date of this document.

10. The Group does not have any contractually binding assets, securities or other assets whose value is subject to fluctuations or whose value is difficult to ascertain and which would have a significant effect on the assessment of the Group's financial position.

11. Except for what is mentioned in subsection (5.8.2.14) "Contingent Liabilities and Commitments" of this section (5) and subsection (2.1.15) "Risks Related to Contingent Liabilities" of section (2) "Risk Factors", the group has no other contingent liabilities, guarantees, or any significant fixed assets intended for purchase or lease.

12. The Group has no loans or other indebtedness including overdrafts on bank accounts, and they acknowledge that there are no security obligations (including personal or non-personally guaranteed, secured by mortgage or unsecured by mortgage), obligations under acceptance, acceptance credit or hire purchase obligations except as disclosed in this section and in subsection (2.1. 15) "Risks Related to Contingent Liabilities" of Section (2) "Risk Factors" and in other sections of this document.

13. That the group has not issued debt instruments, nor does it have approved debt instruments that have not been issued, term loans, or secured or unsecured mortgages, whether current or approved but not issued. Additionally, there are no loans with personal guarantees or loans secured or unsecured by collateral.

5.3. Basis of preparation and presentation

5.3.1. Statement of compliance

These reviewed consolidated financial statements of the Group have been prepared in accordance with the

International Financial Reporting Standards (IFRS) as endorsed in the Kingdom of Saudi Arabia, and other standards and pronouncements issued by the Saudi Organization for Chartered and Professional Accountants ("IFRS as endorsed in the Kingdom of Saudi Arabia").

The condensed interim consolidated financial statements for the six-month period ended December 31, 2024, have been prepared in accordance with International Accounting Standard (IAS) 34 – "Interim Financial Reporting," as endorsed in the Kingdom of Saudi Arabia, and other standards and pronouncements issued by the Saudi Organization for Chartered and Professional Accountants.

5.3.2. Functional and presentation currency

These consolidated financial statements are presented in Saudi Riyals ("SAR"), which is the Group's functional currency, and all values are rounded to the nearest one Saudi Riyal, except where otherwise indicated.

5.3.3. Basis of measurement

These consolidated financial statements have been prepared under the historical cost convention, except for the following

items in the consolidated statement of financial position:

- Financial assets at fair value through profit or loss ("FVPL") are measured at fair value.
- Financial assets at fair value through other comprehensive income ("FVOCI") are measured at fair value.
- Employees defined benefits liabilities are recognized at the present value of future obligations using the projected unit credit method.

Preparing the consolidated financial statements requires management to use certain judgments, estimates and

assumptions that affect the application of accounting policies and the amounts presented for assets and liabilities,

revenues, and expenses. Actual results may differ from these estimates. The significant judgments taken by management in applying the Group's accounting policies and the main sources of uncertainty estimates are the same as those applied to the annual consolidated financial statements for the year ended 30 June 2023.

5.3.4. New standards and amendments to standards adopted by the Group

- Some new standards and interpretations have been issued that are effective from July 1, 2023/2024 or later, but they do not have a material impact on the Group's reviewed consolidated financial statements for the year ended June 30, 2024, and the Group's unaudited condensed consolidated interim financial statements for the six-month period ended December 31, 2024, respectively.
- • Amendment to IFRS 16 – Leases on sale and leaseback Rental – Effective from January 1, 2024:
- These amendments include requirements for sale and leaseback transactions in IFRS 16 to explain how an entity accounts for a sale and leaseback after the date of the transaction. Sale and leaseback transactions where some or all the lease payments are variable lease payments that do not depend on an index or rate are most likely to be impacted
- • Amendments to IAS 7 and IFRS 7 on Supplier finance arrangements – Effective from January 1 January 2024:
- These amendments require disclosures to enhance the transparency of supplier finance arrangements and

their effects on a company's liabilities, cash flows and exposure to liquidity risk. The disclosure requirements are the IASB's response to investors' concerns that some companies' supplier finance arrangements are not sufficiently visible, hindering investors' analysis.

- • Amendment to IAS 1 – Non-current liabilities with covenants – Effective January 1, 2024:
- These amendments clarify how conditions with which an entity must comply within twelve months after the reporting period affect the classification of a liability. The amendments also aim to improve information an entity provides related to liabilities subject to these conditions.

5.4. Basis of consolidation of Financial Statement

The Group's subsidiaries consolidated in these consolidated financial statements are as follows:

Table number (104): Group subsidiaries

Name of the subsidiary company	Country of establishment	Actual ownership percentage			
		As at June 2022	As at June 2023	As at June 2024	As at 31 December 2024
AZM X	Kingdom of Saudi Arabia	75%	75%	75%	75%
AZM Development Company	Egypt	-	100%	100%	100%
Wasl Platform Company for Communications and Information Technology	Kingdom of Saudi Arabia	-	-	-	100%

Source: Audited consolidated financial statements for the fiscal years ended June 30, 2022, June 30, 2023, June 30, 2024, and for the financial period ended December 31, 2024.

The consolidated financial statements comprise the financial statements of the Group and its subsidiaries as at the date of the consolidated statement of financial position.

The Group controls an entity when the Group is exposed to, or has rights to, variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee. Specifically, the Group controls an investee if, and only if, the Group has:

- Power over the investee (i.e., existing rights that give it the current ability to direct the relevant activities of the investee);
- Exposure, or rights, to variable returns from its involvement with the investee;
- The ability to use its power over the investee to affect its returns.

Generally, there is a presumption that a majority of voting rights results in control. To support this presumption, and when the Group has less than a majority of the voting or similar rights of an investee, the Group considers all relevant facts and circumstances in assessing whether it has power over an investee, including:

- The contractual arrangement with the other vote holders of the investee;
- Rights arising from other contractual arrangements;
- The Group's voting rights and potential voting rights.

The Group re-assesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control. Consolidation of a subsidiary begins when the Group obtains control over the subsidiary and ceases when the Group loses control of the subsidiary. The assets, liabilities, income, and expenses of a subsidiary acquired or disposed of during the year are included in the reviewed consolidated financial statements from the date the Group gains control until the date the Group ceases to control the subsidiary.

Profit or loss and each component of other comprehensive income are attributed to the equity holders of the parent of the Group and to the non-controlling interests, even if this results in the non-controlling interests having a deficit balance. The financial statements of the subsidiaries are prepared for the same reporting period as the parent company, using consistent accounting policies. All intra-group assets and liabilities, equity, income, expenses, and cash flows relating to transactions between members of the Group are eliminated in full on consolidation.

A change in the ownership interest of a subsidiary, without a loss of control, is accounted for as an equity transaction. If the Group loses control over a subsidiary, it derecognizes the related assets (including goodwill), liabilities, non-controlling interest, and other components of equity, while any resulting gain or loss is recognized in the consolidated statement of profit or loss. Any investment retained is recognized at fair value.

5.5. Material accounting policies

The significant accounting policies applied by the Group in preparing the reviewed consolidated financial statements for the year ended June 30, 2024, are the same as those applied during the preparation of the reviewed consolidated financial statements for the year ended June 30, 2023, unless otherwise stated.

The accounting policies applied to the condensed consolidated interim financial statements are the same as those applied to the Group's financial statements for the year ended June 30, 2024, unless otherwise stated.

5.5.1. Business combinations and goodwill

Business combinations are accounted for using the acquisition method. The cost of an acquisition is measured as the aggregate of the consideration transferred, measured at fair value at the date of acquisition, and the amount of any non-controlling interest in the acquiree. For each business combination, the Group elects to measure the non-controlling interest in the acquiree at its proportionate share of the acquiree's identifiable net assets. Acquisition-related costs are expensed as incurred and are included in general and administrative expenses.

When the Group acquires a business, it assesses the financial assets and liabilities assumed to classify them appropriately in accordance with the contractual terms, economic circumstances, and relevant conditions as at the acquisition date.

Contingent consideration, if any, to be transferred by the acquirer is recognized at fair value at the acquisition date. Contingent consideration classified as equity is not remeasured, and its subsequent settlement is accounted for within equity.

Goodwill is initially measured at cost (being the excess of the aggregate of the consideration transferred, the amount recognized for non-controlling interests, and any previously held equity interest over the net of the identifiable assets acquired and the liabilities assumed). If the fair value of the net assets acquired exceeds the aggregate consideration transferred, the Group re-assesses whether it has correctly identified all of the assets acquired and all of the liabilities assumed and reviews the procedures used to measure the amounts to be recognized at the acquisition date. If the re-assessment still results in an excess of the fair value of net assets acquired over the aggregate consideration transferred, the gain is recognized in profit or loss.

After initial recognition, goodwill is measured at cost less any accumulated impairment losses. For the purpose of impairment testing, goodwill acquired in a business combination is, from the acquisition date, allocated to each of the Group's cash-generating units that are expected to benefit from the combination, irrespective of whether other assets or liabilities of the acquiree are assigned to those units.

Where goodwill is allocated to a cash-generating unit and part of the operation within that unit is disposed of, the goodwill associated with the disposed operation is included in the carrying amount of the operation when determining the gain or loss on disposal. Goodwill disposed of in these circumstances is measured on the basis of the relative values of the disposed operation and the portion of the cash-generating unit retained.

5.5.2. Investments in an associate

An associate is an entity over which the Group has significant influence. Significant influence is the power to participate in the financial and operating policy decisions of the investee but is not control or joint control over those policies.

The considerations made in determining significant influence are similar to those necessary to determine control over subsidiaries.

The Group's investments in its associate companies are accounted for using the equity method. Under the equity method, investments in associates are initially recognized at cost. The carrying amount of the investment is adjusted to recognize changes in the Group's share of the associate's net assets since the acquisition date. Goodwill relating to the associate is included in the carrying amount of the investment and is not tested for impairment separately.

The consolidated statement of comprehensive income reflects the Group's share of the results of operations of the associates. Any change in the other comprehensive income of the investees is presented as part of the Group's other comprehensive income. In addition, when a change has been recognized directly in the equity of the associate, the Group recognizes its share of any changes, when applicable, in the consolidated statement of changes in equity. Unrealized gains and losses resulting from transactions between the Group and its associates are eliminated to the extent of the interest in the associates.

The Group's total share of the profit or loss of associates is shown in the consolidated statement of income, separate from the operating profit, and this total represents the profit or loss and non-controlling interests in the subsidiaries of the associate, if any.

The financial statements of the associate are prepared for the same reporting period as the Group. Where necessary, adjustments are made to make the accounting policies consistent with those of the Group.

After applying the equity method, the Group determines whether it is necessary to recognize an impairment loss on its investment in the associate. At each reporting date, the Group determines whether there is objective evidence that the investment in the associate is impaired.

Upon the loss of significant influence over the associate, the Group measures and recognizes any retained investment at its fair value. Any difference between the carrying amount of the associate upon loss of significant influence or joint control and the fair value of the remaining investment and proceeds from disposal is recognized in the consolidated statement of comprehensive income.

5.5.3. Current versus non-current classification

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

- Expected to be realized or intended to be sold or consumed in the normal operating cycle

- Held primarily for the purpose of trading

- Expected to be realized within twelve months after the reporting period or

- Cash or cash equivalent unless restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period.

All other assets are classified as non-current.

A liability is current when:

- It is expected to be settled in the normal operating cycle

- It is held primarily for the purpose of trading

- It is due to be settled within twelve months after the reporting period or

- There is no unconditional right to defer the settlement of the liability for at least twelve months after the reporting period.

The Group classifies all other liabilities as non-current.

5.5.4. Foreign currency

1) Functional and presentation currency

Items included in the financial statements of each of the Group's entities are measured using the currency of the primary economic environment in which each respective entity operates (the "functional currency"). The consolidated financial statements are presented in Saudi Riyals ("SAR"), which is the Group's functional and presentation currency.

2) Transactions and balances

Foreign currency transactions are translated into Saudi Riyals at the rates of exchange prevailing at the time of the transactions. Monetary assets and liabilities denominated in foreign currencies at the reporting date are translated at the exchange rates prevailing at that date. Gains and losses from settlement and translation of foreign currency transactions are included in the consolidated statement of comprehensive income.

3) Group companies

The results and financial position of foreign operations (none of which has the currency of a hyper inflationary economy) that have a functional currency different from the presentation currency of the consolidated financial statements are translated into the presentation currency as follows:

- Assets and liabilities for each statement of financial position presented are translated at the closing rate at the date of that consolidated statement of financial position;

- Income and expenses for each statement of income and statement of comprehensive income are translated at average exchange rates (unless this is not a reasonable approximation of the cumulative effect of the rates prevailing on the transaction dates, in which case income and expenses are translated at the dates of the transactions), and

- All resulting exchange differences are recognized in other comprehensive income

5.5.5. Property and equipment

Property, plant, and equipment are stated at cost, less accumulated depreciation and any accumulated impairment losses. Cost includes all amounts necessary to bring the asset to its location and present condition for its intended use by management. This cost includes the cost of replacing part of the property, plant, and equipment, and borrowing costs for long-term construction projects (qualifying assets) if the recognition criteria are met, and costs incurred during the project's start-up period, net of proceeds from the sale of trial production.

When parts of property, plant, and equipment have a significant cost compared to the total cost of the item, and these parts/components have a different useful life than the other parts and require replacement at different intervals, the Group must recognize these parts as individual components of the assets with specific useful lives and depreciate them accordingly.

All other repair and maintenance costs are recognized in profit or loss as incurred.

Depreciation is calculated from the date an item of property, plant, and equipment is available for its intended use or, in the case of self-constructed assets, from the date these assets are completed and ready for their intended use. Land and assets under construction, which are not ready for their intended use, are not subject to depreciation.

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

Table number (105): Useful life of property and equipment

Assets	Useful life
Computers and equipment	4 years
Furniture and fixtures	7 years
Leasehold improvements	10 years or the term of the lease, whichever is shorter.
Vehicles	5 years

Source: Audited consolidated financial statements for the fiscal years ended June 30, 2022, June 30, 2023, and June 30, 2024.

The assets' residual values, useful lives and methods of depreciation are reviewed, and adjusted prospectively if appropriate, at each reporting date.

An item of property and equipment and any significant component initially recognized is derecognized upon disposal or when no future economic benefits are expected from its use or disposal. Gains and losses on disposal of retired, sold or otherwise derecognized property and equipment are determined by comparing the proceeds with the carrying amount of the asset, and are recognized within "other income/(loss)" in statement of comprehensive income.

An asset's carrying amount is written-down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount.

5.5.6. Intangible assets

The Group's intangible assets consist of online platforms established by the Group and Software and IT systems and have finite useful lives are measured at cost less accumulated amortization and any accumulated impairment losses. Intangible assets acquired separately are measured at cost upon initial recognition. Following initial recognition, intangible assets are carried at cost less any accumulated amortization and accumulated impairment losses, if any.

The useful lives of intangible assets are assessed to be either finite or indefinite. Intangible assets with finite live are amortized over the useful economic life and assessed for impairment whenever there is an indication that the intangible asset may be impaired. The amortization period and the amortization method for an intangible asset with a finite useful life are reviewed at least at each financial year-end. Changes in the expected useful life or the expected pattern of consumption of future economic benefits embodied in the asset, are accounted for by changing the amortization period or method, as appropriate, and are treated as changes in accounting estimates.

The amortisation expense on intangible assets with finite lives is recognized in statement of comprehensive income in the expense category consistent with the function of the intangible asset.

The estimated useful lives for current and comparative periods are 8 years. Intangible assets which are not ready for their intended use, are not amortized.

Gains or losses arising from derecognizing an intangible asset is measured as the difference between the net disposal proceeds and the carrying amount of the asset and are recognized in profit or loss when the asset is derecognized.

5.5.7. Leases

The Group assess whether a contract contains a lease, at inception of the contract. For all such lease arrangements the Group recognizes right of use assets and lease liabilities except for the short-term leases and leases of low value assets as follows:

Right-of-use assets

The Group recognises right-of-use assets at the commencement date of the lease (i.e., the date the underlying asset is available for use). Right-of-use assets are measured at cost, less any accumulated depreciation and impairment losses, and adjusted for any re-measurement of lease liabilities. The cost of right-of-use assets includes the amount of lease liabilities recognised, initial direct costs incurred, and lease payments made at or before the commencement date less any lease incentives received. Unless the Group is reasonably certain to obtain ownership of the leased asset at the end of the lease term, the recognised right-of-use assets are depreciated on a straight-line basis over the shorter of its estimated useful life and the lease term. Right-of-use assets are subject to impairment.

Lease liabilities

At the commencement date of the lease, the Group recognises lease liabilities measured at the present value of lease payments to be made over the lease term. The lease payments include fixed payments (including in-substance fixed payments) less any lease incentives receivable, variable lease payments that depend on an index or a rate, and amounts expected to be paid under residual value guarantees. The lease payments also include the exercise price of a purchase option reasonably certain to be exercised by the Group and payments of penalties for terminating a lease, if the lease term reflects the Group exercising the option to terminate. The variable lease payments that do not depend on an index or a rate are recognised as expense in the period on which the event or condition that triggers the payment occurs.

In calculating the present value of lease payments, the Group uses the incremental borrowing rate at the lease commencement date if the interest rate implicit in the lease is not readily determinable. After the commencement date, the amount of lease liabilities is increased to reflect the accretion of interest and reduced for the lease payments made. In addition, the carrying amount of lease liabilities is re-measured if there is a modification, a change in the lease term, a change in the in-substance fixed lease payments or a change in the assessment to purchase the underlying asset.

Short-term leases and leases of low-value assets

The Group applies the short-term lease recognition exemption to its short-term leases of assets (i.e., those leases that have a lease term of 12 months or less from the commencement date and do not contain a purchase option). It also applies the lease of low-value assets recognition exemption to leases of commercial buildings, accommodations and offices that are considered of low value (i.e., below SAR 20,000). Lease payments on short-term leases and leases of low-value assets are recognised as expense on a straight-line basis over the lease term.

The company as a lessor

Leases in which the Group does not transfer substantially all the risks and rewards incidental to ownership of an asset are classified as operating leases. Operating lease income is recognized in the consolidated statement of profit or loss on a straight-line basis over the lease term. Any benefits granted as an incentive to enter into an operating lease, are distributed in a straight-line basis over the lease term. Total benefits from incentives are recognized as a reduction in rental income on a straight-line basis, unless there is another basis that better represents the period in which the economic benefits of the leased asset are exhausted.

The amounts due from the finance leases are recorded as lease receivables at an amount equal to the net investment of the Group in the lease. The lease payments to be received are distributed into two components:

- A reimbursement of the original amount
- A financing income to compensate the group for its investment and services.

The additional costs directly attributable to negotiating the lease contract are included in the amounts due, which in return, will reduce the finance income portion from the contract.

5.5.8. Financial instruments

A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity.

Financial assets

Classification of financial assets depends on the Group's business model for managing its financial assets and the contractual terms of the cash flows. The Group classifies its financial assets as:

- Financial assets measured at amortized cost; or
- Financial assets measured at fair value

Gains or losses of assets measured at fair value will be recognized in the statement of comprehensive income either in profit or loss or in other comprehensive income ("OCI").

Initial measurement

The classification of financial assets at initial recognition depends on the financial asset's contractual cash flow characteristics and the Group's business model for managing them. With the exception of trade receivables that do not contain a significant financing component or for which the Group has applied the practical expedient, the Group initially measures a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss, transaction costs. Trade receivables that do not contain a significant financing component or for which the Group has applied the practical expedient are measured at the transaction price.

In order for a financial asset to be classified and measured at amortized cost or fair value through other comprehensive income ("FVOCI"), it needs to give rise to cash flows that are 'solely payments of principal and interest (SPPI)' on the principal amount outstanding. This assessment is referred to as the SPPI test and is performed at an instrument level. Financial assets with cash flows that are not SPPI are classified and measured at fair value through profit or loss, irrespective of the business model.

The Group's business model for managing financial assets refers to how it manages its financial assets in order to generate cash flows. The business model determines whether cash flows will result from collecting contractual cash flows, selling the financial assets, or both. Financial assets classified and measured at amortized cost are held within a business model with the objective to hold financial assets to collect contractual cash flows while financial assets classified and measured at fair value through other comprehensive income ("FVOCI") are held within a business model with the objective of both holding to collect contractual cash flows and selling.

Subsequent measurement

For purposes of subsequent measurement, financial assets are classified in four categories:

- Financial assets at amortized cost (debt instruments)
- Financial assets at fair value through other comprehensive income ("FVOCI") with recycling of cumulative gains and losses (debt instruments)
- Financial assets designated at fair value through other comprehensive income ("FVOCI") with no recycling of cumulative gains and losses upon derecognition (equity instruments)
- Financial assets at fair value through profit or loss ("FVPL")

Financial assets at amortized cost are subsequently measured using the effective interest (EIR) method and are subject to impairment. Gains and losses are recognized in statement of comprehensive income when the asset is derecognized, modified or impaired.

The Group's financial assets at amortized cost includes trade receivables, and investment in Sukuk.

Fair value through other comprehensive income (FVOCI)

Financial assets held for collection of contractual cash flows and for selling the financial assets, where the assets' cash flows represent solely payments of principal and interest, are measured at ("FVOCI"). Movements in the carrying amount are taken through other comprehensive income ("OCI"), except for the recognition of impairment gains or losses, interest revenue and foreign exchange gains and losses, which are recognized in the statement of comprehensive income.

When the financial asset is de-recognized, the cumulative gain or loss previously recognized in ("OCI"), is reclassified from equity to the statement of comprehensive income and recognized in other income/expense.

Interest income from these financial assets are included in finance income using the EIR method. Foreign exchange gains and losses are presented in other income/expense

Fair value through profit or loss

Financial assets at fair value through profit or loss include financial assets held for trading, financial assets designated upon initial recognition at fair value through profit or loss, or financial assets mandatorily required to be measured at fair value. Financial assets with cash flows that are not solely payments of principal and interest are classified and measured at fair value through profit or loss, irrespective of the business model.

Financial assets at fair value through profit or loss are carried in the statement of financial position at fair value with net changes in fair value recognized in the statement of comprehensive income. This category includes derivative instruments.

Equity instruments

The Group measures all investments in equity instruments at fair value and presents changes in fair value of investments in equity instruments in other comprehensive income ("OCI"). Dividends from such investments continue to be recognized in the statement of comprehensive income as other income when the Group's right to receive payments is established. There shall be no subsequent reclassification of changes in fair value through profit or loss income.

A financial asset or a part of a financial asset is de-recognized when:

- The rights to receive cash flows from the asset have expired, or
- The Group has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a 'pass-through' arrangement, and either:

- The Group has transferred substantially all the risks and rewards of the asset; or
- The Group has neither transferred nor retained substantially all the risks and rewards of the asset but has transferred control of the asset.

Impairment

At each reporting date, the Group applies a three-stage approach to measuring expected credit losses ("ECL") on financial assets. Assets migrate through the following three stages based on the change in credit quality since initial recognition:

Stage 1: 12-months ECL

For exposures where there has not been a significant increase in credit risk since initial recognition and that are not credit impaired upon origination, the portion of the lifetime ECL associated with the probability of default events occurring within the next 12 months is recognized.

Stage 2: Lifetime ECL - not credit impaired

For credit exposures where there has been a significant increase in credit risk since initial recognition but that are not credit impaired, a lifetime ECL is recognized.

Stage 3: Lifetime ECL - credit impaired

Financial assets are assessed as credit impaired when one or more events that have a detrimental impact on the estimated future cash flows of that asset have occurred. For financial assets that have become credit impaired, a lifetime ECL is recognized, and interest revenue is calculated by applying the effective interest rate to the amortized cost (net of provision) rather than the gross carrying amount.

The Group considers the probability of default upon initial recognition of asset and whether there has been a significant increase in credit risk on an ongoing basis throughout each reporting period. To assess whether there is a significant increase in credit risk the Group compares the risk of a default occurring on the asset as at the reporting date with the risk of default as at the date of initial recognition. It considers available reasonable and supportive forwarding-looking information.

For trade receivables and contract assets, the Group recognizes expected credit losses for trade receivables based on the simplified approach. The simplified approach to the recognition of expected losses does not require the Group to track the changes in credit risk; rather, the Group recognizes a loss allowance based on lifetime expected credit losses at each reporting date from the date of the trade receivable.

Objective evidence that financial assets are impaired may include indications that a debtor or a group of debtors is experiencing significant financial difficulty, default or delinquency in profit or principal payments, the probability that they will enter bankruptcy or other financial reorganization and where observable data indicates that there is a measurable decrease in the estimated future cash flows, such as changes in arrears or economic conditions that correlate with defaults.

Expected credit losses are measured as the difference in the present value of the contractual cash flows that are due to the Group under the contract, and the cash flows that the Group expects to receive. The Group assesses all information available, including past due status, credit ratings, the existence of third-party insurance, and forward looking macro-economic factors in the measurement of the expected credit losses associated with its assets carried at amortized cost.

The Group measures expected credit loss by considering the risk of default over the contract period and in Group's forward-looking information into its measurement.

Financial liabilities

Initial recognition and measurement

Financial liabilities are classified under either of the below two classes:

- Financial liabilities at FVPL; and
- Other financial liabilities measured at amortized cost using the EIR method.

The category of financial liability at FVPL has two sub-categories:

- Designated: A financial liability that is designated by the entity as a liability at FVPL upon initial recognition
- Held for trading: A financial liability classified as held for trading, such as an obligation for securities borrowed in a short sale, which must be returned in the future. This category also includes derivative financial instruments entered by the Group that are not designated as hedging instruments in hedge relationships. Separated embedded derivatives are also classified as held for trading unless they are designated as effective hedging instruments.

All financial liabilities are recognized initially when the Group becomes party to contractual provisions and obligations under the financial instrument. The liabilities are recorded at fair value, and in the case of loans and borrowings and payables, the proceeds received net of directly attributable transaction costs.

Subsequent measurement

Financial liabilities at FVPL continue to be recorded at fair value with changes being recorded in the statement of comprehensive income.

For other financial liabilities, including loans and borrowings, after initial recognition, these are subsequently measured at amortized cost using the EIR method. Gains and losses are recognized in statement of comprehensive income when the liabilities are de-recognized as well as through the EIR amortization process.

Amortized cost is calculated by considering any discount or premium on acquisition and fees or costs that are an integral part of the EIR method. The EIR amortization is included as finance costs in the statement of comprehensive income.

Trade and other payables

These amounts represent liabilities for goods and services provided to the Group prior to the end of financial period which are unpaid. They are recognized initially at their fair value and subsequently measured at amortized cost using the EIR method.

Financial guarantee contracts

Financial guarantee contracts are recognized as a financial liability at the time the guarantee is issued. The liability is initially measured at fair value adjusted for transaction costs that are directly attributable to the issuance of the guarantee. The fair value of financial guarantee is determined as the present value of the difference in net cash flows between the contractual payments under the debt instrument and the payments that would be required without the guarantee, or the estimated amount that would be payables to a third party for assuming the obligation.

Where guarantees in relation to loans or other payables of associates are provided for no compensation, the fair values are accounted for as contributions and recognized as part of the cost of the investment.

De-recognition of Financial Liabilities

A financial liability is de-recognized when the obligation under the liability is settled or discharged. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as the de-recognition of the original liability and the recognition of a new liability. The difference in the respective carrying amounts is recognized in the statement of comprehensive income.

5.5.9. Offsetting of financial instruments

Financial assets and financial liabilities are offset, and the net amount is reported in the consolidated statement of financial position if there is a currently enforceable legal right to offset the recognized amounts and there is an intention to settle on a net basis, to realize the assets and settle the liabilities simultaneously.

5.5.10. Provisions

Provisions are recognized when the Group has a present obligation (legal or constructive) because 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. Provisions are not recognized for future operating losses.

Where there are a number of similar obligations, the likelihood that an outflow will be required in settlement is determined by considering the class of obligations as a whole. A provision is recognized even if the likelihood of an outflow with respect to any one item included in the same class of obligations may be small.

Provisions are measured at the present value of management's best estimate of the expenditure required to settle the present obligation at the end of the reporting period. The discount rate used to determine the present value is a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to liability. The increase in the provision due to the passage of time is recognized as interest expense.

1.1.1. Employees' defined benefits liabilities

Employees defined benefits liabilities

The Group primarily has end of service benefits which qualifies as defined benefit plans.

The pension liability recognized in the consolidated statement of financial position is the present value of the projected Defined Benefit Obligation ("DBO") at the reporting date.

DBO is re-measured on a periodic basis by independent actuaries using the projected unit credit method. The present value of the DBO is determined by discounting the estimated future cash outflows using interest rates of high-quality bonds that are denominated in the currency in which the benefits will be paid, and that have terms approximating to the terms of the related obligation. For instances where there is no deep market in such bonds, the market rates on government bonds are used. As Kingdom of Saudi Arabia does not have a deep market in high quality corporate bonds, the discount rate was determined based on available information of Kingdom of Saudi Arabia sovereign bond yields.

The net interest cost is calculated by applying the discount rate to the net balance of the DBO. This cost is included in employees' related costs in the consolidated statement of comprehensive income.

Re-measurement gains and losses arising from changes in actuarial assumptions are recognized in the period in which they occur in other comprehensive income ("OCI"). Changes in the present value of the DBO resulting from plan amendments or curtailments are recognized immediately in the consolidated statement of comprehensive income as past service costs.

Current and past service costs related to end of service indemnities and unwinding of the liability at discount rates used are recognized immediately in the consolidated statement of comprehensive income. Any changes in net liability due to actuarial valuations and changes in assumptions are taken as re-measurement in other comprehensive income ("OCI").

The actuarial valuation process takes into consideration the provisions of the Saudi Arabian Labor Laws and Workmen Law as well as the Group's policy.

Retirement benefits

The Group pays retirement contributions for its national employees to the General Organization for Social Insurance. This represents a defined contribution plan. The payments made are expensed as incurred.

Short-term employee benefits

A liability is recognized for benefits accruing to employees in respect of wages and salaries, annual leave and sick leave in the period the related service is rendered at the undiscounted amount of the benefits expected to be paid in exchange for that service. The liabilities are presented as current employee benefit obligations in the consolidated statement of financial position.

Liabilities recognized in respect of short-term employee benefits are measured at the undiscounted amount of the benefits expected to be paid in exchange for the related service

5.5.12. Cash and cash equivalents

Cash and cash equivalents include cash at banks and other short-term highly liquid investments with original maturities of three months or less that are readily convertible to known amounts of cash, and which are subject to an insignificant risk of changes in value.

5.5.13. Impairment of non - financial assets

At the end of each reporting period, the Group reviews the carrying amounts of its non-financial assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). When it is not possible to estimate the recoverable amount of an individual asset, the Group estimates the recoverable amount of the cash-generating unit to which the asset belongs. When a reasonable and consistent basis of allocation can be identified, Group assets are also allocated to individual cash-generating units, or otherwise they are allocated to the smallest Group of cash-generating units for which a reasonable and consistent allocation basis can be identified.

Recoverable amount is the higher of fair value less costs of disposal and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted.

If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than it carrying amount, the carrying amount of the asset (or cash-generating unit) is reduced to its recoverable amount. An impairment loss is recognized immediately in the statement of comprehensive income.

When an impairment loss subsequently reverses, the carrying amount of the asset (or a cash-generating unit), except for goodwill, is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognized for the asset (or cash-generating unit) in prior years. A reversal of an impairment loss is recognized immediately in the comprehensive income.

5.5.14. Contingencies

Contingent liabilities are not recognized in the consolidated financial statements. They are disclosed unless the possibility of an outflow of resources embodying economic benefits is remote. Contingent assets are not recognized in the Consolidated financial statements but disclosed when an inflow of economic benefits is probable.

5.5.15. Fair value measurement

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 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.

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 reviewed consolidated financial statements are categorized within the fair value hierarchy, 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 reviewed consolidated financial statements 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.

5.5.16. Treasury stock

Own equity instruments that are reacquired (treasury shares) are recognized at cost and deducted from equity. No gain or loss is recognized in the consolidated statement of comprehensive income on the purchase, sale, issue or cancellation of the Group's equity instruments. Any difference between the carrying amount of the shares and the consideration, if reissued, is recognized in other reserves within equity.

5.5.17. Share-based payment transactions

Executive employees of the Group receive remuneration in the form of share-based payments under a long-term employee incentive plan, whereby employees render services as consideration for the Group's shares (equity-settled transactions). The cost of equity-settled transactions is determined by the fair value of the equity instrument at the grant date. The grant date is the date on which the Group and the employee agree to the share-based arrangement, such that there is a shared understanding of the terms and conditions of the agreement between the two parties.

The share-based payment expense is recognized as part of employee benefit expense over the period in which the service and performance conditions are met (the vesting period), with a corresponding amount recorded under other reserves within equity in accordance with the requirements of IFRS 2 Share-based Payment. The cumulative expense recognized for equity-settled transactions at each reporting date until the vesting date reflects the extent to which the vesting period has expired and the Group's best estimate of the number of shares that will ultimately vest. The expense or credit in the consolidated statement of comprehensive income for a period represents the movement in the cumulative expense recognized from the beginning to the end of that period.

5.5.18. Revenue from Contracts with Customers

Revenue from contracts with customers is recognized using the five-step model:

Step 1 Identify the contract(s) with a customer.

Step 2 Identify the performance obligations (distinct elements that are part of a single contract but are separate for accounting purposes) in the contract.

Step 3 Determine the transaction price.

Step 4 Allocate the transaction price to the performance obligations in the contract.

Step 5 Recognize revenue when (or as) the entity satisfies a performance obligation, i.e., when the customer obtains control of the goods or services, which can occur over time or at a point in time.

Revenue is measured at the fair value of the consideration received or receivable, taking into account the payment terms specified in the contract, and excluding taxes or duties collected on behalf of external parties.

Revenue is recognized at an amount that reflects the consideration the entity expects to be entitled to in exchange for transferring goods to a customer.

The revenue recognized in any period is based on the delivery of performance obligations and an assessment of when control is transferred to the customer. For contracts with multiple components to be delivered, management applies judgment to consider whether those promised goods or services are:

- Distinct - to be accounted for as separate performance obligations.

- Not distinct - to be combined with other promised goods or services until a bundle is identified that is distinct.

- Part of a series of distinct goods and services that are substantially the same and have the same pattern of transfer to the customer.

At the inception of the contract, the total transaction price is estimated, which is allocated to the identified performance obligations in proportion to their relative standalone selling prices, and revenue is recognized when (or as) these performance obligations are fulfilled. The transaction price for contracts with customers that include variable consideration is estimated using the expected value method or the most likely amount method, depending on the nature of the contract. The inputs used in determining the transaction price include historical data, market conditions, customer-specific factors, and contract-specific terms. The estimated variable consideration is constrained to ensure that a significant revenue reversal does not occur when the uncertainty is resolved.

For each performance obligation, the Group determines whether revenue will be recognized over time or at a point in time. The company's recognition of revenue over time is explained by one of the following reasons:

- The Group performs, and the customer simultaneously receives and consumes the benefits provided over the life of the contract.

- The Group's performance creates or enhances an asset that the customer controls as the asset is created or enhanced.

- The Group's performance creates an asset with no alternative use, and the Group has an enforceable right to payment for performance completed to date.

For each performance obligation recognized over time, the Group applies a revenue recognition method that faithfully depicts the Group's performance in transferring control of the goods or services to the customer. The Group applies the input method, which is consistently applied to similar performance obligations as it faithfully depicts the actual efforts made by the Group to fulfill the performance obligations and transfer the services to the end customer. Furthermore, the information required for the input method can be reliably measured. Contract costs include costs and general and administrative expenses that are considered directly attributable to the contract from the date of securing the contract until final completion. Changes in cost estimates and losses on uncompleted contracts, if any, are recognized in the period in which they are determined. When it is probable that total contract costs will exceed total contract revenue, the expected loss is recognized immediately.

Changes in estimates of progress measures on performance obligations satisfied over time are accounted for on a cumulative catch-up basis, whereby the cumulative effect of any changes to the current and prior periods is recognized in the current period based on the percentage of completion of the performance obligation.

The Group recognizes revenue at a point in time when the obligations under the terms of the contract with the customer are met if the performance obligations in the contract do not meet the overtime criteria.

The Group disaggregates revenue from contracts with customers by contract type, customer type, and the timing of revenue recognition (at a point in time or over time), as management believes this best depicts how the nature, amount, timing, and uncertainty of the Group's revenue and cash flows are affected by economic factors. The following is the revenue recognition

policy relevant to each contract type:

Product /Service Type	The nature and timing of performance obligations, including significant payment terms.	Revenue Recognition Policies
Platforms for third parties	• Custom software development involves creating a customized information technology (IT) platform or software solution to meet specific customer requirements. The performance obligation is satisfied over time as the work is completed, based on the actual costs incurred. Alternatively, if the project has a single, specific obligation, such as a successful installation, the performance obligation is satisfied at a point in time. • Payment terms vary and are agreed upon with customers based on commercial factors such as the volume of business, the customer's history with the Group, and creditworthiness. • When costs have been incurred and the related revenue has not yet been billed, these amounts are presented as contract assets.	• For a performance obligation satisfied over time, revenue is recognized over time based on the cost-to-cost method, which is determined based on the ratio of actual costs incurred to the estimated costs required to complete the contract. Contract costs include cost and general and administrative expenses that are considered directly attributable to the contract from the date of securing the contract until its final completion. Changes in cost estimates and losses on uncompleted contracts, if any, are recognized in the period in which they are determined. • For a performance obligation satisfied at a point in time, revenue is recognized at a point in time once the services are rendered or the goods are delivered. • When it is probable that total contract costs will exceed total contract revenue, the expected losses are recognized immediately. • The cost related to these services is recognized in the statement of comprehensive income as incurred. • Advance payments from customers are included under contract liabilities.

Proprietary Technologies	• Revenue from proprietary technologies consists of revenue from providing ongoing support, training, and progress reports on training provided to clients on various IT platforms. Revenue from services is recognized over the period of time as the Group provides the services to the client. • The client is invoiced according to the agreed contractual terms (i.e., the financial plan) and payments are collected according to the agreed payment terms.	• Revenue is recognized over time based on the cost-to-cost method, determined based on the ratio of actual costs to the estimated costs required to complete the contract. • When the Group satisfies a performance obligation by delivering the promised services, a contract asset arises for the consideration earned from the performance. Additionally, when the value of the consideration received from the customer exceeds the value of recognized revenue, a contract liability arises. • When costs have been incurred and the related revenue has not yet been billed, these amounts are presented as contract assets.
Consulting Services	• Revenue from consulting services consists of IT consulting services provided by the Group to the client for an agreed fee. Revenue from services is recognized over the period of time as the Group provides the services to the client. • The client is invoiced according to the agreed contractual terms (i.e., milestones) and payments are collected according to the agreed payment terms.	• Revenue is recognized over time based on the a cost-to-cost method, determined based on the ratio of actual costs to the estimated costs required to complete the contract. • When the Group satisfies a performance obligation by delivering the promised services, a contract asset arises for the consideration earned from the performance. Additionally, when the value of the consideration received from the customer exceeds the value of recognized revenue, a contract liability arises.
Enterprise Services	• Revenue from Enterprise Services consists of manpower services that the Group provides to its clients to support them in various IT projects. Revenue from services is recognized over the period of time as the Group provides the services to the client. • The client is invoiced according to the agreed contractual terms and payments are collected according to the agreed payment terms.	• Revenue is recognized over time based on the cost-to-cost method, determined based on the ratio of actual costs to the estimated costs required to complete the contract. • When the Group satisfies a performance obligation by delivering the promised services, a contract asset arises for the consideration earned from the performance. Additionally, when the value of the consideration received from the customer exceeds the value of recognized revenue, a contract liability arises. • When costs have been incurred and the related revenue has not yet been billed, these amounts are presented as contract assets.

- Contract assets and liabilities

When either party to a contract has performed, the entity shall present the contract in the consolidated statement of financial position as a contract asset or a contract liability, depending on the relationship between the entity's performance and the customer's payment.

A contract asset is the entity's right to consideration in exchange for goods or services that the entity has transferred to a customer. A contract liability is the entity's obligation to transfer goods or services to a customer for which the entity has received consideration (or an amount of consideration is due) from the customer.

- Principal versus agent consideration

The Group has assessed its arrangements to determine if it is a principal, and reports revenue on a gross basis, or an agent, and reports revenue on a net basis. In this assessment, the Group has considered whether it has obtained control of the specified goods or services before transferring them to the customer, as well as other indicators such as the party primarily responsible for fulfillment, inventory risk, and discretion in establishing the price.

When the Group undertakes agency-related activities under a contract, the Group recognizes only the net commission revenue, as the Group arranges for another party to transfer the goods or services under this arrangement, and therefore acts as an agent.

5.5.19. Expenses

The selling and distribution expenses primarily consist of costs incurred in distributing and selling the products and services of the group.

General and administrative expenses include indirect costs that are not specifically considered part of the cost of sales or selling and distribution expenses, in accordance with the International Financial Reporting Standards (IFRS) adopted in the Kingdom of Saudi Arabia. These costs are allocated between general and administrative expenses, cost of sales, and selling and distribution expenses, if necessary, in a systematic manner.

5.5.20. Borrowing costs

Borrowing costs directly attributable to the acquisition, creation, or production of assets that necessarily take a substantial period of time to be ready for use as intended are capitalized as part of the asset's cost. All other borrowing costs are expensed in the period in which they occur. Borrowing costs consist of financing costs and other costs incurred by the entity related to borrowing funds. The capitalized interest is calculated using the group's weighted average cost of borrowings, after adjusting for borrowings related to specific developments. When borrowings are linked to specific developments, the capitalized amount is the total interest incurred on those borrowings, less any investment income generated from temporary investments.

Interest is capitalized from the commencement of development activities until the practical completion date when all substantial development activities are finished.

Capitalization of borrowing costs is suspended during long periods of inactivity in development. Borrowing costs are also capitalized to the cost of purchasing a property site acquired specifically for redevelopment, but only when activities necessary to prepare the asset for redevelopment are underway.

5.5.21. Zakat and Value Added Tax

Zakat is provided for the group in the Kingdom of Saudi Arabia in accordance with the regulations of the Zakat, Tax, and Customs Authority ("The Authority") in Saudi Arabia, and the provision is charged to the consolidated statement of comprehensive income.

Expenses and assets are recognized net of VAT, except in the following cases:

- When the VAT incurred on the purchase of assets or services is not recoverable from the Zakat, Tax, and Customs Authority, in which case VAT is recognized as part of the cost of acquiring the asset or as part of the expense, as appropriate.

- When receivables and payables are recorded at amounts that include VAT.

The net amount of VAT recoverable or payable to the Zakat, Tax, and Customs Authority is included as part of receivables or payables in the consolidated statement of financial position.

5.6. Significant accounting estimates and judgments

The preparation of the consolidated financial statements of the Group requires management to make judgments, estimates, and assumptions that affect the reported amounts of revenues, expenses, assets, and liabilities as of the date of the financial statements. Uncertainty regarding these assumptions and estimates may result in material adjustments to the carrying amounts of assets or liabilities affected in the future. These estimates and assumptions are based on experience and various other factors believed to be reasonable under the circumstances, and are used to assess the carrying values of assets and liabilities that are not readily available from other sources. The relevant estimates and assumptions are reviewed on an ongoing basis. Adjustments to accounting estimates are recognized in the period in which the estimates are revised, or in the period of the revision and future periods if the changes affect both current and future periods.

The following critical judgments and estimates have a material effect on the amounts recognized in the audited consolidated financial statements:

a. Useful lives and residual values of property, equipment and intangible assets

The useful lives and residual values of property, equipment, and intangible assets are estimated for the purposes of calculating depreciation and amortization, respectively. These estimates are made based on the expected usage over the useful life. The residual value is determined based on experience and observable data when available

b. Contract cost estimation

The group recognizes contract revenues by referring to the stage of completion of the contractual obligation at the end of the financial period, provided that the outcome of the contract can be reliably estimated. The stage of completion is measured by referring to the ratio of contract costs incurred for work performed to date to the total estimated contract costs. Assumptions must be made to estimate the total estimated contract costs and any recoverable change orders that will affect the stage of completion. These estimates are made based on the experience and prior knowledge of project engineers and other technical teams. The accuracy of this estimate is likely to impact the amount of revenues and profits recognized accordingly.

At the end of each financial period, the Group must estimate the costs to complete contracts based on the work remaining after the financial period. This requires an objective assessment of the project's progress, based on the schedule and evaluation of the work to be carried out and the related costs required to fully deliver the contract to the customer. This estimate will affect contract revenue and costs, contract assets and liabilities, and accrued project costs. The measurement of contract revenue is influenced by a variety of uncertainties (including cost estimates) that depend on the outcomes of future events. These estimates often need to be revised as events occur and uncertainties are resolved. Accordingly, the amount of recognized contract revenue may increase or decrease from one period to another.

c. Defined Benefit Plan

The employee benefits obligation represents future payments that require assumptions to be made in order to forecast them. International Financial Reporting Standards require management to use further assumptions regarding variables such as discount rates, salary growth rates, mortality rates, employee turnover rates, and future healthcare costs. The Group's management engages an independent actuarial expert to carry out this calculation. Changes in the underlying assumptions may have a material impact on the expected benefits obligation and/or the periodic employee benefit expenses incurred.

d. Measurement of the allowance for expected credit losses

The measurement of the expected credit loss (ECL) allowance for financial assets measured at amortized cost and at fair value through other comprehensive income requires the use of complex models and significant assumptions regarding future economic conditions and credit behavior (i.e., the probability of customer default and the resulting loss).

e. Impairment of non-financial assets

Impairment occurs when the carrying amount of an asset or cash-generating unit exceeds its recoverable amount, which represents the higher of fair value less costs to sell and value in use. The fair value less costs to sell is determined based on available data from binding sale transactions conducted under fair market conditions for similar assets or observable market prices, less any incremental costs to sell the asset. The value in use is calculated using the discounted cash flow method. The cash flows are based on the estimated budget for the next five years and exclude restructuring activities that the group has not committed to yet or significant future investments that would enhance the asset's performance for the cash-generating unit being tested for impairment. The recoverable amount is affected by the discount rate used in the discounted cash flow method, as well as the expected future cash inflows and the growth rate applied for extrapolation.

f. Provisions

Provisions are recognized when the group has a present obligation (legal or constructive) arising from past events, and it is probable that an outflow of resources will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation.

The amount recognized as a provision is the best estimate by management of the expenditure required to settle the present obligation at the reporting date, considering the risks and uncertainties surrounding the obligation. When measuring the provision using estimated cash flows to settle the obligation, the carrying amount represents the present value of these cash flows.

g. Going Concern Assumption

The management of the group has assessed the group's ability to continue as a going concern and is confident that the group has sufficient resources to continue operations in the foreseeable future. Furthermore, management is not aware of any material uncertainties that may cast doubt on the group's ability to continue as a going concern. Therefore, these consolidated financial statements have been prepared based on the going concern principle.

h. Determination of lease term for contracts with renewal and termination options.

The group determines the lease term as the non-cancellable period of the lease, along with any periods covered by a renewal option if it is reasonably certain to exercise the option, or any periods covered by a termination option if it is reasonably certain not to exercise it.

The group has several lease agreements that include renewal and termination clauses. The group applies judgment in assessing whether it is reasonably certain to exercise or not exercise the renewal or termination options. It considers all relevant factors that would provide an economic incentive to exercise or not exercise the option. After the lease commencement date, the group reassesses the lease term in case of a significant event or a change in circumstances within its control that affects its ability to exercise (or not exercise) the renewal or termination option.

i. Incremental Borrowing Rate for Lease Contracts

The Group cannot readily determine the implicit interest rate in the lease agreements and therefore uses the incremental borrowing rate to measure lease liabilities. The incremental borrowing rate represents the interest rate the Group would have to pay to borrow the funds necessary to obtain an asset of similar value to the right-of-use asset, in a similar economic environment, over a similar term, and with similar collateral. Accordingly, the incremental borrowing rate reflects what the Group would be required to pay, which involves judgment when observable rates are not readily available such as for subsidiaries that do not engage in financing transactions or when adjustments are needed to reflect the specific terms and conditions of the lease. The Group estimates the incremental borrowing rate using observable inputs, such as prevailing market interest rates when available, and must apply entity-specific estimates when necessary.

j. Zakat

The Group and its subsidiaries are subject to Zakat in accordance with the regulations of the Zakat, Tax and Customs Authority ("ZTA") in the Kingdom of Saudi Arabia, and the provision is charged to the income statement. Additional Zakat liabilities, if any, arising from final assessments made by the Authority for prior years are accounted for in the year in which such final assessments are issued.

5.7. New standards and amendments to standards issued but not yet effective

Below are the new standards and amendments that are effective for annual periods beginning on or after 1 July 2024, with early application permitted. However, the Group has elected not to apply them early in the preparation of these financial statements.

• Amendment to IAS 21 - Lack of Exchangeability (Effective from January 1, 2025) – The International Accounting Standards Board (IASB) has amended IAS 21 to add requirements that assist in determining whether a currency is exchangeable into another currency and the exchange rate to use when a currency is not exchangeable. The amendment provides a framework for determining the spot exchange rate at the measurement date using an observable exchange rate without adjustment or other estimation methods.

• Amendments to IFRS 10 and IAS 28 - Sale or Contribution of Assets between an Investor and its Associate or Joint Venture ("Available for Optional Application/Indefinitely Deferred Effective Date") - These amendments address the accounting for sales or contributions of assets between an investor and its associate or joint venture, providing clarity on the applicable recognition and measurement principles.

• IFRS 18 - Presentation and Disclosure in Financial Statements (Effective for Reporting Periods Beginning on or after January 1, 2027) - The IASB has issued IFRS 18, a new standard focusing on the presentation and disclosure in financial statements, with specific updates to the statement of profit or loss. Key concepts introduced in IFRS 18 include:

- The structure of the statement of profit or loss.

- Required disclosures of performance metrics reported outside the entity's financial statements (i.e., management-defined performance measures).

- Enhanced aggregation and disaggregation principles applicable to primary financial statements and disclosures.

• IFRS 19 - Reduced Disclosures for Subsidiaries (Effective from January 1, 2027) – Effective January 1, 2027: IFRS 19 permits eligible subsidiaries to apply IFRS standards with reduced disclosure requirements. A subsidiary may adopt the new standard in its consolidated, separate, or individual financial statements, provided it has no public accountability at the reporting date and its parent issues consolidated financial statements under IFRS.

Other Standards

- International Sustainability Standard (ISS) 1, "General Requirements for Disclosure of Sustainability-Related Financial Information" – Effective January 1, 2024, subject to the approval of the Saudi Organization for Certified Public Accountants: This standard provides a foundational framework for disclosing material information about sustainability-related risks and opportunities across the entity's value chain.

- International Sustainability Standard (ISS) 2, "Climate-Related Disclosures" – Effective January 1, 2024, subject to the approval of the Saudi Organization for Certified Public Accountants: This is the first topic-specific standard issued, outlining the requirements for entities to disclose information regarding climate-related risks and opportunities.

The group is currently assessing the impact of these amendments on its audited consolidated financial statements.

5.8. Company Overview

Saudi AZM for Communications and Information Technology (the "Company") is a Saudi joint-stock company registered in the Kingdom of Saudi Arabia on 11 Rabi Al-Awwal 1439H (November 29, 2017), under Commercial Registration No. 1010918075. The Company was listed on the Parallel Market "Nomu" on March 1, 2022, and is currently in the process of transitioning to the Main Market "TASI"

On 22 Shawwal 1442H (June 3, 2021), the shareholders decided to change the legal structure of the Company from a limited liability company to a closed joint-stock company. Additionally, they increased the Company's share capital to SAR 30 million by transferring SAR 29.5 million from retained earnings into share capital.

The Company and its subsidiaries (the "Group") primarily operate in designing and programming custom software, developing applications, providing telecommunications management and control services, selling wired and wireless equipment, designing user experiences and customer journeys, repairing and maintaining personal and portable computers, offering senior management consulting services, delivering information network services, and conducting research and development in information technology.

The Group's main services include:

- Business Services – includes the following two sections:

- Institutional Services: Operational support for large governmental and private organizations, system integration services, procurement services, and human resources support.

- Management Consulting: Strategic and administrative consulting, establishing and operating Vision Realization Offices, operational support, recruitment services, service design and customer experience design, and supervision of implementation.

- Digital Solutions – includes the following two sections:

- Proprietary Technologies Development: Innovating and developing proprietary products, solutions, and platforms, as well as providing IT research services.

- Platform Development for Third Parties: Designing, building, developing, and operating client platforms, along with providing executive consulting services.

The Company's business model centers on IT, executive consulting, and human resources services. This is achieved through custom software and application development, selling wired and wireless equipment, offering senior management consulting, information network services, and engaging in research and development in the IT field.

5.9. Key Performance Indicators

The following table shows the Group's key performance indicators as of: For the fiscal years ending June 30, 2022, 2023 and 2024:

Table Number (106): Key performance indicators

Performance indicator	productive age	Fiscal year ending 30 June			Six months period ending 31 December	
		2022	2023	2024	2023	2024
Gross profit margin	%	20.2%	22.5%	26.6%	25.8%	28.3%
Operating Profit Margin	%	9.5%	10.1%	12.7%	14.3%	12.8%
Net profit margin	%	12.5%	14.0%	13.9%	14.1%	14.5%
Return on equity	%	36.8%	34.6%	32.9%	17.0%	15.0%
Return on assets	%	17.7%	15.1%	12.5%	7.3%	5.7%
Current assets/current liabilities	x	2.1	1.6	1.4	1.5	1.5
Liabilities/Equity	x	1.1	1.3	1.6	1.3	1.6

Source: The financial statements for the financial years ended 30 June 2022, 30 June 2023, and 30 June 2024, and the interim condensed consolidated financial statements for the six-month period ended 31 December 2024.

5.10. Results of Operations – Consolidated Statement of Comprehensive Income

The following table presents the comprehensive income statement data for the fiscal years ended June 30, 2022, 2023, and 2024, as well as the six-month period ended December 31, 2024, along with comparative figures for the six months ended December 31, 2023.:

Table number (107): Comprehensive income statement data

(In Thousands of Riyals)	Fiscal year ending 30 June			Six months period ending 31 December		Change percentage %		
	2022	2023	2024	2023	2024	2022 - 2023	2023 - 2024	December 2023 - December 2024
Revenue	152,560	170,829	217,638	99,846	124,633	12.0%	27.4%	24.8%
Cost of revenue	(121,750)	(132,355)	(159,816)	(74,084)	(89,351)	8.7%	20.7%	20.6%
Gross Profit	30,811	38,474	57,822	25,763	35,282	24.9%	50.3%	36.9%
General and administrative expenses	(14,155)	(20,347)	(28,160)	(10,875)	(17,943)	43.8%	38.4%	65.0%
Sale and distribution expenses	(1,409)	(24)	(1,067)	(524)	(342)	(98.3%)	4345.8%	(34.8%)
Expected credit losses	(730)	(777)	(918)	(130)	(1,050)	6.4%	18.2%	707.7%
Operating profit	14,517	17,325	27,677	14,234	15,947	19.3%	59.7%	12.0%
Share of result from investment in an associate	865	1,779	2,020	394	1,946	105.7%	13.5%	393.5%
Finance cost, net	(690)	(1,165)	(1,536)	(1,031)	(1,545)	68.8%	31.9%	49.9%
Other income, net	5,795	7,663	5,061	2,069	3,646	32.2%	(34.0%)	76.2%
Profit before zakat and income tax	20,487	25,603	33,222	15,666	19,994	25.0%	29.8%	27.6%
Zakat and Income Tax	(1,393)	(1,636)	(3,060)	(1,635)	(1,939)	17.4%	87.1%	18.6%
Profit before zakat and income tax	19,095	23,967	30,163	14,031	18,055	25.5%	25.8%	28.7%
Attributable to:								
Equity holders of the Company	19,104	23,082	27,948	13,415	17,382	20.8%	21.1%	29.6%
Non-controlling interest	(10)	886	2,214	616	673	(9055.8%)	150.0%	9.2%
Other comprehensive (loss)/income								
(Other comprehensive (loss)/income that will not be reclassified to profit or loss in subsequent years:								
Change in fair value on financial assets at fair value through other comprehensive income	5	135	(333)	(193)	359	2600.0%	(346.8%)	(286.3%)
Remeasurement gain on employees' defined benefit liabilities	172	282	908	849	23	64.1%	221.3%	(97.3%)
Share of losses on other comprehensive income from associates	0	0	0	0	(9)	N/A	N/A	N/A
Other comprehensive income for the year	177	418	574	656	373	136.2%	37.5%	(43.2%)
Total comprehensive income for the year (SAR)	19,272	24,385	30,737	14,687	18,427	26.5%	26.0%	25.5%
Attributable to:								
Equity holders of the Company	19,282	23,509	28,494	14,063	17,764	21.9%	21.2%	26.3%
Non-controlling interest	(10)	875	2,243	624	663	(8850.0%)	156.2%	6.2%
Earnings per share attributable to the company's shareholders (SAR)								
Basic EPS	0.32	0.39	0.47	0.23	0.29	21.9%	20.5%	26.1%
Diluted EPS	0.32	0.39	0.47	0.22	0.29	21.9%	20.5%	31.8%

Source: The financial statements for the financial years ended 30 June 2022, 30 June 2023, and 30 June 2024, and the interim condensed consolidated financial statements for the six-month period ended 31 December 2024.

The Group recorded a growth in total revenues of 12.0%, equivalent to SAR 18,269 thousand, from SAR 152,560 thousand during the fiscal year ended June 30, 2022, to SAR 170,829 thousand during the fiscal year ended June 30, 2023. This was mainly due to the addition of new clients to the Group's customer base, which contributed to an increase in revenues by SAR 10,881 thousand, and the full-year effect of the acquisition of Azm Tajrubah for Information Technology Company (AZM X), which contributed to an increase in revenues by SAR 7,167 thousand.

Total revenues continued to rise by 27.4%, or SAR 46,809 thousand, from SAR 170,829 thousand during the fiscal year ended June 30, 2023, to SAR 217,638 thousand during the fiscal year ended June 30, 2024. This was due to the addition of new clients to the Group's customer base, which contributed to an increase in revenues by SAR 17,972 thousand, in addition to an increase in revenues from existing clients equivalent to SAR 28,837 thousand during the year. During the six-month period ended December 31, 2024, total revenues recorded an increase of 24.8%, or SAR 24,786 thousand, rising from SAR 99,846 thousand in the same period of 2023 to SAR 124,633 thousand. This growth is mainly attributed to the addition of new clients, amounting to SAR 22,104 thousand, in addition to a net increase from existing clients of SAR 2,683 thousand.

Cost of revenues increased by 8.7%, or SAR 10,605 thousand, from SAR 121,750 thousand during the fiscal year ended June 30, 2022, to SAR 132,355 thousand during the fiscal year ended June 30, 2023, driven mainly by the increase in the number of projects.

Cost of revenues continued to rise by 20.7%, or SAR 27,461 thousand, from SAR 132,355 thousand during the fiscal year ended June 30, 2023, to SAR 159,816 thousand during the fiscal year ended June 30, 2024. This was driven mainly by an increase in consulting and IT service costs by SAR 10,339 thousand and SAR 5,757 thousand, respectively, as a result of the increase in the number of projects, in addition to costs incurred for organizing events by the Group amounting to SAR 7,188 thousand during the year.

Cost of revenues increased by 20.6%, or SAR 15,267 thousand, from SAR 74,084 thousand during the six-month period ended December 31, 2023, to SAR 89,351 thousand during the six-month period ended December 31, 2024. This is mainly due to the increase in salaries, wages, and related costs by 40.0%, from SAR 43,223 thousand during the six-month period ended December 31, 2023, to SAR 60,511 thousand during the six-month period ended December 31, 2024, as a result of the increase in the number of employees with the increase in the number of projects.

The movement in gross profit was in line with the movement in revenues between 2022 and 2023, as gross profit increased by 24.9%, or SAR 7,663 thousand, from SAR 30,811 thousand during the fiscal year ended June 30, 2022, to SAR 38,474 thousand during the fiscal year ended June 30, 2023. Gross profit also continued to rise by 50.3%, or SAR 19,348 thousand, to reach SAR 57,822 thousand during the fiscal year ended June 30, 2024. Gross profit increased by 36.9%, or SAR 9,519 thousand, from SAR 25,763 thousand during the six-month period ended December 31, 2023, to SAR 35,282 thousand during the six-month period ended December 31, 2024, in line with the increase in the Group's revenues during the period.

The gross profit margin increased from 20.2% during the fiscal year ended June 30, 2022, to 22.5% during the fiscal year ended June 30, 2023. The gross profit margin also continued to rise to 26.6% during the fiscal year ended June 30, 2024, driven mainly by the increase in the profit margin of some of the Group's projects. The gross profit margin increased from 25.8% during the six-month period ended December 31, 2023, to 28.3% during the six-month period ended December 31, 2024, driven mainly by the increase in the gross profit margin of the company's projects (including the impact of the increase in revenues from the Sanad platform, which has a relatively high gross profit margin) and its subsidiary, Azm Tajrubah for Information Technology Company (AZM X).

General and administrative expenses recorded an increase of 43.8%, or SAR 6,192 thousand, from SAR 14,155 thousand during the fiscal year ended June 30, 2022, to SAR 20,347 thousand during the fiscal year ended June 30, 2023, as a result of an increase in professional and consulting fees, administrative and general salaries, and board and committee remunerations. They also continued to rise by 38.4%, or SAR 7,813 thousand, to reach SAR 28,160 thousand during the fiscal year ended June 30, 2024, mainly affected by the increase in professional fees by SAR 2,667 thousand, in addition to an increase in salaries, wages, and travel expenses by SAR 1,262 thousand and SAR 1,011 thousand, respectively, during the year. General and administrative expenses increased by 65.0%, or SAR 7,068 thousand, from SAR 10,875 thousand during the six-month period ended December 31, 2023, to SAR 17,943 thousand during the six-month period ended December 31, 2024, mainly affected by the increase in salaries and wages by SAR 5,291 thousand during this period, in addition to an increase in the cost of defined employee benefits by SAR 731 thousand and an increase in the depreciation of right-of-use assets by SAR 1,048 thousand.

Selling and distribution expenses decreased by 98.3%, or SAR 1,385 thousand, from SAR 1,409 thousand during the fiscal year ended June 30, 2022, to SAR 24 thousand during the fiscal year ended June 30, 2023. This was mainly due to a decrease in marketing expenses during the fiscal year ended June 30, 2023, by 98.2%, or SAR 1,327 thousand. Meanwhile, selling and distribution expenses increased by SAR 1,043 thousand from SAR 24 thousand during the fiscal year ended June 30, 2023, to SAR 1,067 thousand during the fiscal year ended June 30, 2024, mainly due to an increase in marketing expenses by SAR 1,043 thousand during the year. Selling and distribution expenses decreased by 34.8%, or SAR 182 thousand, from SAR 524 thousand during the six-month period ended December 31, 2023, to SAR 342 thousand during the six-month period ended December 31, 2024, as a result of a decrease in exhibition and marketing fees.

The provision for expected credit losses increased during the period from SAR 730 thousand during the fiscal year ended June 30, 2022, to SAR 918 thousand during the fiscal year ended June 30, 2024, driven by the increase in the balance of trade receivables during the period as a result of the growth in the Group's business volume. The provision for expected credit losses also increased by 705.4%, or SAR 920 thousand, from SAR 130 thousand during the six-month period ended December 31, 2023, to SAR 1,050 thousand during the six-month period ended December 31, 2024, as a result of the increase in the balance of trade receivables overdue for more than 360 days as of December 31, 2024.

Operating profit increased by 19.3%, or SAR 2,809 thousand, from SAR 14,517 thousand during the fiscal year ended June 30, 2022, to SAR 17,325 thousand during the fiscal year ended June 30, 2023. The aforementioned increase was mainly driven by the increase in revenues, in addition to a decrease in selling and distribution expenses. Operating profit also increased by 59.7%, or SAR 10,352 thousand, from SAR 17,325 thousand during the fiscal year ended June 30, 2023, to SAR 27,677 thousand during the fiscal period ended June 30, 2024. This increase is mainly due to the increase in gross profit by SAR 19,348 thousand, which was partially offset by an increase in operating expenses and provision for credit losses by SAR 8,855 thousand and SAR 141 thousand, respectively, during the year. Operating profit increased by 12.0%, or SAR 1,713 thousand, from SAR 14,234 thousand during the six-month period ended December 31, 2023, to SAR 15,947 thousand during the six-month period ended December 31, 2024, driven by an increase in gross profit by SAR 9,519 thousand, offset by an increase in general and administrative expenses by SAR 7,068 thousand.

The operating profit margin increased from 9.5% in the fiscal year ended June 30, 2022, to 10.1% in the fiscal year ended June 30, 2023, mainly affected by the decrease in selling and distribution expenses during the year. The operating profit margin continued to rise to 12.7% in the fiscal year ended June 30, 2024, mainly due to the improvement in the gross profit margin during the year. The operating profit margin decreased from 14.3% during the six-month period ended December 31, 2023, to 12.8% during the six-month period ended December 31, 2024, due to the increase in general and administrative expenses and expected credit losses at a higher rate than the increase in gross profit.

During the fiscal year ended June 30, 2022, the Group established the National Real Estate Platform (Aqarek) and initially owned 38.0% of the company's shares, selling 2.55% during the year; accordingly, the Group's share in the National Real Estate Platform Company (Aqarek) was reduced to 35.45% in the fiscal year ended June 30, 2022, and then to 32.68% in the fiscal year ended June 30, 2023. The Group's share in profits increased from SAR 865 thousand during the fiscal year ended June 30, 2022, to SAR 1,779 thousand during the fiscal year ended June 30, 2023, due to the increase in the profits of the National Real Estate Platform Company (Aqarek) from SAR 3,245 thousand during the fiscal year ended June 30, 2022, to SAR 4,214 thousand during the fiscal year ended June 30, 2023. The Group's share in profits continued to rise from SAR 1,779 thousand during the fiscal year ended June 30, 2023, to SAR 2,020 thousand during the fiscal year ended June 30, 2024, due to the increase in the profits of the National Real Estate Platform Company (Aqarek) from SAR 4,214 thousand during the fiscal year ended June 30, 2023, to SAR 6,181 thousand during the fiscal year ended June 30, 2024. During the six-month period ended December 31, 2024, the Group acquired a 30% stake in Machine Learning for Information Technology Company for SAR 2.8 million. The Group's share in profits increased from SAR 394 thousand during the six-month period ended December 31, 2023, to SAR 1,946 thousand during the six-month period ended December 31, 2024, as a result of the increase in the unaudited profits of the National Real Estate Platform Company (Aqarek) from SAR 1,207 thousand during the six-month period ended December 31, 2023, to SAR 6,949 thousand during the six-month period ended December 31, 2024.

The financing costs incurred by the company are related to employee benefit obligations, lease liabilities, and loans. Financing costs increased from SAR 690 thousand during the fiscal year ended June 30, 2022, to SAR 1,165 thousand during the fiscal year ended June 30, 2023, mainly due to the increase in bank charges on bank guarantees as a result of the increase in revenues and the number of projects. Financing costs also increased from SAR 1,165 thousand during the fiscal year ended June 30, 2023, to SAR 1,536 thousand during the fiscal year ended June 30, 2024, mainly due to the increase in financing costs related to lease contracts and the increase in bank charges on bank guarantees as a result of the increase in revenues and the number of projects. Financing costs increased from SAR 1,031 thousand during the six-month period ended December 31, 2023, to SAR 1,545 thousand during the six-month period ended December 31, 2024, mainly due to the increase in financing costs related to lease contracts by SAR 549 thousand.

Other revenues increased from SAR 5,795 thousand in the fiscal year ended June 30, 2022, to SAR 7,663 thousand in the fiscal year ended June 30, 2023, due to the disposal of a portion of the Group's investments in associate companies, in addition to the subleasing of a floor of the administrative building. Meanwhile, other revenues decreased from SAR 7,663 thousand during the fiscal year ended June 30, 2023, to SAR 5,061 thousand during the fiscal year ended June 30, 2024. This decrease was due to the Group retaining its investments in associate companies compared to the profit realized from the disposal of a portion of its investments in associate companies during the fiscal year ended June 30, 2023, which contributed significantly to other revenues during the previous year; this was offset by an increase in interest income and rental income from subleasing during the fiscal year ended June 30, 2024. Other revenues increased from SAR 2,069 thousand during the six-month period ended December 31, 2023, to SAR 3,646 thousand during the six-month period ended December 31, 2024, mainly due to the recognition of gains resulting from the change in the fair value of an investment held at fair value through profit or loss, amounting to SAR 1,326 thousand.

Zakat and income tax expense increased from SAR 1,393 thousand during the fiscal year ended June 30, 2022, to SAR 3,060 thousand during the fiscal year ended June 30, 2024, affected by the growth of the Group's business during the period. Income tax is only applied to Azm Tajrubah for Information Technology Company (AZM X). The tax expense is recognized based on management's best estimate of the weighted average annual income tax rate expected for the full fiscal year applied to the pre-tax income for the year. Zakat and income tax expense increased from SAR 1,635 thousand during the six-month period ended December 31, 2023, to SAR 1,939 thousand during the six-month period ended December 31, 2024, affected by the growth of the Group's business during the period. The Group has submitted its Zakat returns to the Zakat, Tax and Customs Authority ("ZATCA") up to the fiscal year ended June 30, 2024, and is still awaiting the final Zakat assessments.

Profit for the year recorded a gradual increase of 25.5%, or SAR 4,873 thousand, from SAR 19,095 thousand during the fiscal year ended June 30, 2022, to SAR 23,967 thousand during the fiscal year ended June 30, 2023; driven by the increase in operating profit from SAR 14,517 thousand during the fiscal year ended June 30, 2022, to SAR 17,325 thousand during the fiscal year ended June 30, 2023, in addition to the increase in other revenues from SAR 5,795 thousand during the fiscal year ended June 30, 2022, to SAR 7,663 thousand during the fiscal year ended June 30, 2023. It also continued to rise by 25.8%, or SAR 6,195 thousand, from SAR 23,967 thousand during the fiscal year ended June 30, 2023, to SAR 30,163 thousand during the fiscal year ended June 30, 2024, mainly driven by the increase in operating profit from SAR 17,325 thousand during the fiscal year ended June 30, 2023, to SAR 27,677 thousand during the fiscal year ended June 30, 2024. Profit for the period increased by 28.7%, or SAR 4,024 thousand, from SAR 14,031 thousand during the six-month period ended December 31, 2023, to SAR 18,055 thousand during the six-month period ended December 31, 2024, mainly driven by the increase in operating profit from SAR 14,234 thousand during the six-month period ended December 31, 2023, to SAR 15,947 thousand during the six-month period ended December 31, 2024, in addition to the increase in the share in the result from the investment in an associate company by SAR 1,552 thousand and the increase in other revenues by SAR 1,577 thousand during the period.

The profit margin increased from 12.5% in the fiscal year ended June 30, 2022, to 14.0% in the fiscal year ended June 30, 2023; this was mainly due to the increase in revenues as a result of the growth in business volume during the period, in addition to the increase in other revenues driven by the disposal of investments in an associate company.

The profit margin remained stable in the two fiscal years ended June 30, 2023, and 2024, recording 14.0% in the fiscal year ended June 30, 2023, and 13.9% in the fiscal year ended June 30, 2024.

The profit margin also remained relatively stable during the two six-month periods ended December 31, 2023, and 2024, recording 14.1% during the six-month period ended December 31, 2023, and 14.5% during the six-month period ended December 31, 2024.

5.10.1. Revenue

The following table presents revenue details by service line for the fiscal years ending June 30, 2022, 2023, and 2024, as well as the six-month period ending December 31, 2024. It also includes comparison figures for the six-month period ending December 31, 2023.:

Table number (108): Revenue details by service line								
(In Thousands of Riyals)	Fiscal year ending 30 June			Six months period ending 31 December		Change percentage %		
	2022	2023	2024	2023	2024	2022 - 2023	2023 - 2024	December 2023 - December 2024
Enterprise Services	89,446	90,160	116,122	44,241	70,877	0.8%	28.8%	60.2%
Consulting Services	39,199	24,515	24,607	10,232	17,186	(37.5%)	0.4%	68.0%
Proprietary technologies	9,334	40,643	58,943	34,071	23,444	335.4%	45.0%	(31.2%)
Third-party platforms	14,583	15,510	17,967	11,302	13,126	6.4%	15.8%	16.1%
Total Revenue	152,560	170,829	217,638	99,846	124,633	12.0%	27.4%	24.8%

The following table displays revenue details by customer type for the fiscal years ending June 30, 2022, 2023, and 2024, as well as the six-month period ending December 31, 2024. It also includes comparison figures for the six-month period ending December 31, 2023.:

Table number (109): Revenue details by client type								
(In Thousands of Riyals)	Fiscal year ending 30 June			Six months period ending 31 December		Change percentage %		
	2022	2023	2024	2023	2024	2022 - 2023	2023 - 2024	December 2023 - December 2024
Government Clients	85,501	95,538	119,307	52,884	70,427	11.7%	24.9%	33.2%
Semi-government clients	34,555	29,013	18,607	21,981	21,880	(16.0%)	(35.9%)	(0.5%)
Private Clients	32,505	46,278	79,725	24,982	32,325	42.4%	72.3%	29.4%
Total Revenue	152,560	170,829	217,638	99,846	124,633	12.0%	27.4%	24.8%

Source: The financial statements for the financial years ended 30 June 2022, 30 June 2023, and 30 June 2024, and the interim condensed consolidated financial statements for the six-month period ended 31 December 2024.

The Group recorded a growth in total revenues of 12.0%, or SAR 18,269 thousand, from SAR 152,560 thousand during the fiscal year ended June 30, 2022, to SAR 170,829 thousand during the fiscal year ended June 30, 2023. This was mainly due to an increase in revenues from proprietary technology services during the year by SAR 31,309 thousand as a result of adding new clients to the Group's customer base. This was partially offset by a decrease in revenues from consulting services during the year by SAR 14,683 thousand.

Total revenues continued to rise by 27.4%, or SAR 46,809 thousand, from SAR 170,829 thousand during the fiscal year ended June 30, 2023, to SAR 217,638 thousand during the fiscal year ended June 30, 2024. This was due to an increase in revenues from institutional services and proprietary technologies during the year by SAR 25,961 thousand and SAR 18,300 thousand, respectively, as a result of business volume growth with government entities and the addition of new private sector clients.

Total revenues increased by 24.8%, or SAR 24,786 thousand, from SAR 99,846 thousand during the six-month period ended December 31, 2023, to SAR 124,633 thousand during the six-month period ended December 31, 2024. This was mainly due to an increase in revenues from institutional services by SAR 26,637 thousand, driven by the addition of new clients and the completion of some of the Group's projects.

Enterprise Services

These include services provided by the Group such as operational support for government and private sector entities, systems integration and procurement services, and human resources services. Revenues from institutional services represented 58.6%, 52.8%, and 53.4% of total revenues for the fiscal years ended June 30, 2022, 2023, and 2024, respectively. They also constituted 44.3% and 56.9% of total revenues for the six-month periods ended December 31, 2023, and 2024, respectively.

Revenues from institutional services increased by 0.8%, or SAR 715 thousand, from SAR 89,446 thousand during the fiscal year ended June 30, 2022, to SAR 90,160 thousand during the fiscal year ended June 30, 2023. This was mainly due to an increase in revenues from projects with private sector clients by SAR 12,484 thousand, as a result of increased revenues from existing projects and the addition of five new projects during the year. This increase was partially offset by a decrease in revenues from projects with government entities by SAR 11,803 thousand, as a result of the completion of seven projects during the fiscal year ended June 30, 2022.

Revenues from institutional services continued to rise by 28.8% to reach SAR 116,122 thousand during the fiscal year ended June 30, 2024. This was mainly due to an increase in revenues from projects with private sector clients by SAR 42,934 thousand, as a result of adding 22 new projects during the year. This increase was partially offset by a decrease in revenues from projects with governmental and semi-governmental entities by SAR 15,669 thousand and SAR 1,304 thousand, respectively, due to a decrease in revenues from existing projects during the year.

Revenues from institutional services increased by 60.2%, or SAR 26,637 thousand, from SAR 44,241 thousand during the six-month period ended December 31, 2023, to SAR 70,877 thousand during the six-month period ended December 31, 2024. This was mainly due to a net increase in revenues from projects with government clients by SAR 10,572 thousand, as a result of adding six new projects during the period, in addition to a net increase in revenues from projects with semi-governmental clients by SAR 9,530 thousand, as a result of adding a new project during the period.

Consulting Services

These include services provided by the Group such as strategic and administrative consulting, establishment and operation of vision realization offices, support for operations and employment processes, and design of services and beneficiary experiences and supervision of implementation. Revenues from consulting services represented 25.7%, 14.4%, and 11.3% of total revenues for the fiscal years ended June 30, 2022, 2023, and 2024, respectively. They also constituted 10.2% and 13.8% of total revenues for the six-month periods ended December 31, 2023, and 2024, respectively.

Revenues from consulting services decreased by 37.5%, or SAR 14,683 thousand, from SAR 39,199 thousand during the fiscal year ended June 30, 2022, to SAR 24,515 thousand during the fiscal year ended June 30, 2023. This was due to a decrease in revenues from projects with government entities and private sector clients by SAR 21,018 thousand and SAR 5,889 thousand, respectively, as a result of the completion of 15 projects during the fiscal year ended June 30, 2022. This decrease was partially offset by an increase in revenues from projects with government entities during the year by SAR 12,224 thousand, as a result of adding three new projects during the year.

Revenues from consulting services remained stable at SAR 24,607 thousand during the fiscal year ended June 30, 2024.

Revenues from consulting services increased by 68.0%, or SAR 6,953 thousand, from SAR 10,232 thousand during the six-month period ended December 31, 2023, to SAR 17,186 thousand during the six-month period ended December 31, 2024. This was mainly due to an increase in revenues from projects with government entities during the period by SAR 3,390 thousand as a result of adding four new projects, and an increase in revenues from projects with private sector clients by SAR 1,890 thousand as a result of adding three new projects and the completion of other projects amounting to SAR 1,672 thousand.

Proprietary Technologies

These include services provided by the Group such as the development and innovation of products, solutions, and platforms to serve specific sectors, such as digital government services, FinTech, electronic certification, and process automation. Revenues from proprietary technologies represented 6.1%, 23.8%, and 27.1% of total revenues for the fiscal years ended June 30, 2022, 2023, and 2024, respectively. They also constituted 34.1% and 18.8% of total revenues for the six-month periods ended December 31, 2023, and 2024, respectively.

Revenues from proprietary technology services increased significantly by 335.4%, or SAR 31,309 thousand, from SAR 9,334 thousand during the fiscal year ended June 30, 2022, to SAR 40,643 thousand during the fiscal year ended June 30, 2023. This was mainly due to an increase in revenues from projects with government entities and private sector clients by SAR 23,760 thousand and SAR 5,321 thousand, respectively, as a result of adding 10 new projects with government entities in addition to five other projects with private sector clients during the year.

Revenues from proprietary technology services continued to rise by 45.0%, or SAR 18,300 thousand, from SAR 40,643 thousand during the fiscal year ended June 30, 2023, to SAR 58,943 thousand during the fiscal year ended June 30, 2024. This was mainly due to an increase in revenues from projects with government entities by SAR 34,022 thousand, as a result of increased revenues from existing projects and the addition of four new projects during the year. This increase was partially offset by a decrease in revenues from projects with private sector clients and semi-governmental entities during the year by SAR 14,234 thousand and SAR 1,489 thousand, respectively, as a result of a decrease in revenues from existing projects and the completion of four projects during the fiscal year ended June 30, 2023.

Revenues from proprietary technology services decreased by 31.2%, or SAR 10,627 thousand, from SAR 34,071 thousand during the six-month period ended December 31, 2023, to SAR 23,444 thousand during the six-month period ended December 31, 2024. This was mainly due to the completion of some projects before or during the six-month period ended December 31, 2024, and the absence of significant new projects.

Third party platforms

These include services provided by the Group such as design, construction, development, and operation of client platforms, including the Group's projects with government entities. Revenues from platforms for external parties represented 9.6%, 9.1%, and 8.3% of total revenues for the fiscal years ended June 30, 2022, 2023, and 2024, respectively. They also constituted 11.3% and 10.5% of total revenues for the six-month periods ended December 31, 2023, and 2024, respectively.

Revenues from platforms for external parties increased by 6.4%, or SAR 928 thousand, from SAR 14,583 thousand during the fiscal year ended June 30, 2022, to SAR 15,510 thousand during the fiscal year ended June 30, 2023. This was due to an increase in revenues from projects with semi-governmental entities by SAR 14,827 thousand, as a result of adding 10 new projects during the year. This was offset by a decrease in revenues from government entity clients and private sector clients by SAR 9,922 thousand and SAR 3,978 thousand, respectively, as a result of the completion of five projects during the fiscal year ended June 30, 2022.

Revenues from platforms for external parties increased by 15.8%, or SAR 2,457 thousand, from SAR 15,510 thousand during the fiscal year ended June 30, 2023, to SAR 17,967 thousand during the fiscal year ended June 30, 2024. This was due to an increase in revenues from projects with private sector clients and government entities by SAR 6,109 thousand and SAR 1,101 thousand, respectively, as a result of increased revenues from existing projects and the addition of five new projects during the year. This increase was partially offset by a decrease in revenues from projects with semi-governmental entities by SAR 4,754 thousand, due to a decrease in revenues from existing projects during the year.

Revenues from platforms for external parties increased by 16.1%, or SAR 1,824 thousand, from SAR 11,302 thousand during the six-month period ended December 31, 2023, to SAR 13,126 thousand during the six-month period ended December 31, 2024. This was mainly due to the addition of two new projects with private sector clients, which contributed an additional SAR 1,803 thousand in revenue during the period.

The following table shows the details of revenues by customer for the fiscal years ended June 30, 2022, 2023, and 2024, and the six-month period ended December 31, 2024, and the comparative figures for the six-month period ended December 31, 2023:

Table number (110): Revenue details by clients

(In Thousands of Riyals)	Fiscal year ending 30 June			Six months period ending 31 December		Change percentage %		
	2022	2023	2024	2023	2024	2022 - 2023	2023 - 2024	December 2023 - December 2024
Client 1	26,619	35,139	37,243	14,996	15,350	32.0%	6.0%	2.4%
Client 2	6,591	8,144	22,513	10,178	3,669	23.6%	176.5%	(64.0%)
Client 3	40,833	33,351	19,527	4,632	25	(18.3%)	(41.5%)	(99.5%)
Client 4	0	2,200	16,681	4,073	9,487	N/A	658.3%	133.0%
Client 5	2,565	12,991	16,394	10,201	11,901	406.5%	26.2%	16.7%
Other Clients	75,952	79,004	105,281	55,767	84,200	4.0%	33.3%	51.0%
Total Revenue	152,560	170,829	217,638	99,846	124,633	12.0%	27.4%	24.8%

Source: Management information.

The top five clients (Client 1, Client 2, Client 3, Client 4, and Client 5) constituted 50.2%, 53.8%, and 51.6% of total revenues for the fiscal years ended June 30, 2022, 2023, and 2024, respectively, and 44.1% and 33.5% of total revenues for the six-month periods ended December 31, 2023, and 2024, respectively.

Client 1:

Revenues from Client 1 constituted 17.5%, 20.6%, and 17.1% of total revenues for the fiscal years ended June 30, 2022, 2023, and 2024, respectively, and 15.0% and 12.3% of total revenues for the periods ended December 31, 2023, and 2024, respectively.

Revenues from Client 1 increased by 32.0%, or SAR 8,520 thousand, from SAR 26,619 thousand in the fiscal year ended June 30, 2022, to SAR 35,139 thousand in the fiscal year ended June 30, 2023. This was due to an increase in revenues from consulting and proprietary technology projects during the year by SAR 14,812 thousand and SAR 11,297 thousand, respectively, as a result of increased revenues from existing projects. This increase was partially offset by a decrease in revenues from platforms for external parties and institutional services projects during the year by SAR 10,107 thousand and SAR 7,482 thousand, respectively, due to the completion of three platforms for external parties projects and four institutional services projects during the fiscal year ended June 30, 2022.

Revenues from Client 1 continued to increase by 6.0%, or SAR 2,103 thousand, from SAR 35,139 thousand during the fiscal year ended June 30, 2023, to SAR 37,243 thousand during the fiscal year ended June 30, 2024. This was mainly due to an increase in revenues from proprietary technology and consulting projects during the year by SAR 1,100 thousand and SAR 840 thousand, respectively, as a result of increased revenues from existing projects.

Revenues from Client 1 increased by 2.4%, or SAR 354 thousand, from SAR 14,996 thousand during the six-month period ended December 31, 2023, to SAR 15,350 thousand during the six-month period ended December 31, 2024. This was mainly due to an increase in revenues from existing consulting projects by SAR 2,146 thousand, which was partially offset by a decrease in revenues from proprietary technology projects by SAR 1,451 thousand during the period.

Client 2:

Revenues from Client 2 constituted 4.3%, 4.8%, and 10.3% of total revenues for the fiscal years ended June 30, 2022, 2023, and 2024, respectively, and 10.2% and 2.9% of total revenues for the six-month periods ended December 31, 2023, and 2024, respectively.

Revenues from Client 2 increased by 23.6%, or SAR 1,552 thousand, from SAR 6,591 thousand in the fiscal year ended June 30, 2022, to SAR 8,144 thousand in the fiscal year ended June 30, 2023, due to an increase in revenues from institutional services projects.

Revenues from Client 2 continued to increase by 176.5%, or SAR 14,370 thousand, from SAR 8,144 thousand during the fiscal year ended June 30, 2023, to SAR 22,513 thousand during the fiscal year ended June 30, 2024. This was mainly due to an increase in revenues from institutional services projects as a result of business volume growth during the year.

Revenues from Client 2 decreased by 64.0%, or SAR 6,509 thousand, from SAR 10,178 thousand during the six-month period ended December 31, 2023, to SAR 3,669 thousand during the six-month period ended December 31, 2024, due to a decrease in revenues from institutional services projects, as these projects are nearing completion.

Client 3:

Revenues from Client 3 constituted 26.8%, 19.5%, and 9.0% of total revenues for the fiscal years ended June 30, 2022, 2023, and 2024, respectively, and 4.6% and 0.0% of total revenues for the six-month periods ended December 31, 2023, and 2024, respectively.

Revenues from Client 3 decreased by 18.3%, or SAR 7,482 thousand, from SAR 40,833 thousand during the fiscal year ended June 30, 2022, to SAR 33,351 thousand in the fiscal year ended June 30, 2023. This was due to a decrease in revenues from institutional services projects, as a result of the completion of an existing project during the fiscal year ended June 30, 2022.

Revenues from Client 3 continued to decrease by 41.5%, or SAR 13,824 thousand, from SAR 33,351 thousand during the fiscal year ended June 30, 2023, to SAR 19,527 thousand during the fiscal year ended June 30, 2024. This was due to a decrease in revenues from institutional services projects, as a result of decreased revenues from existing projects.

Revenues from Client 3 decreased by 99.5%, or SAR 4,607 thousand, from SAR 4,632 thousand during the six-month period ended December 31, 2023, to SAR 25 thousand during the six-month period ended December 31, 2024, due to the completion of institutional services projects and the absence of any significant new projects.

Client 4:

Revenues from Client 4 constituted 1.3% and 7.7% of total revenues for the fiscal years ended June 30, 2023, and 2024, respectively, and 4.1% and 7.6% of total revenues for the six-month periods ended December 31, 2023, and 2024, respectively.

The Group achieved total revenues from Client 4 of SAR 2,200 thousand during the fiscal year ended June 30, 2023, thanks to the commencement of work on two new proprietary technology projects during the year.

Revenues from Client 4 increased by 658.3%, or SAR 14,481 thousand, from SAR 2,200 thousand during the fiscal year ended June 30, 2023, to SAR 16,681 thousand during the fiscal year ended June 30, 2024. This was mainly due to an increase in revenues from proprietary technology projects by SAR 14,477 thousand, as a result of adding two new projects during the year.

Revenues from Client 4 increased by 133.0%, or SAR 5,415 thousand, from SAR 4,073 thousand during the six-month period ended December 31, 2023, to SAR 9,487 thousand during the six-month period ended December 31, 2024, due to an increase in revenues from the addition of four projects by SAR 7,179 thousand, offset by a decrease of SAR 1,767 thousand due to the completion of two projects during the period.

Client 5:

Revenues from Client 5 constituted 1.7%, 7.6%, and 7.5% of total revenues for the fiscal years ended June 30, 2022, 2023, and 2024, respectively, and 10.2% and 9.5% of total revenues for the six-month periods ended December 31, 2023, and 2024, respectively.

Revenues from Client 5 increased by 406.5%, or SAR 10,426 thousand, from SAR 2,565 thousand during the fiscal year ended June 30, 2022, to SAR 12,991 thousand in the fiscal year ended June 30, 2023. This was due to an increase in revenues from proprietary technology and institutional services projects during the year by SAR 8,346 thousand and SAR 2,080 thousand, respectively, as a result of adding four new projects during the year.

Revenues from Client 5 continued to increase by 26.2%, or SAR 3,403 thousand, from SAR 12,991 thousand during the fiscal year ended June 30, 2023, to SAR 16,394 thousand during the fiscal year ended June 30, 2024. This was due to an increase in revenues from proprietary technology projects by SAR 5,130 thousand, as a result of increased revenues from existing projects. This increase was partially offset by a decrease in revenues from institutional services projects by SAR 1,727 thousand.

Revenues from Client 5 increased by 16.7%, or SAR 1,700 thousand, from SAR 10,201 thousand during the six-month period ended December 31, 2023, to SAR 11,901 thousand during the six-month period ended December 31, 2024, due to an increase in revenues from five new institutional services and consulting services projects by SAR 3,917 thousand. In addition, there was an increase in revenues from proprietary technology projects by SAR 3,102 thousand, driven by the completion of existing projects during the period. This increase was partially offset by a decrease in revenues from proprietary technology projects by SAR 3,689 thousand (due to the completion of two projects) and an institutional services project by SAR 1,629 thousand.

5.10.2. Cost of revenue

The following table presents details of cost of revenue for the fiscal years ending June 30, 2022, 2023, and 2024, as well as the six-month periods ending December 31, 2024. It also includes comparison figures for the six-month period ending December 31, 2023.:

Table number (111): Cost of revenue details

(In Thousands of Riyals)	Fiscal year ending 30 June			Six months period ending 31 December		Change percentage %		
	2022	2023	2024	2023	2024	2022 - 2023	2023 - 2024	December 2023 - December 2024
Salaries, wages and related costs	98,879	94,945	94,212	43,223	60,511	(4.0%)	(0.8%)	40.0%
Consulting Services	6,685	21,026	31,365	14,308	7,941	214.5%	49.2%	(44.5%)
IT Expenses	8,313	2,081	7,838	1,692	3,166	(75.0%)	276.6%	87.1%
Travel, transportation and vacations	2,873	3,945	4,106	1,157	3,427	37.3%	4.1%	196.1%
Staff Medical insurance	2,469	3,902	3,690	2,197	1,824	58.0%	(5.4%)	(17.0%)
Employees defined benefits cost	1,358	1,990	1,719	1,769	1,654	46.5%	(13.6%)	(6.5%)
Events	0	0	7,188	3,339	1,042	N/A	N/A	(68.8%)
Other	1,173	4,466	9,699	6,399	9,786	280.9%	117.2%	52.9%
Total cost of revenue	**121,750**	**132,355**	**159,817**	**74,084**	**89,351**	**8.7%**	**20.7%**	**20.6%**

Source: Audited financial statements for the financial years ended 30 June 2022, 30 June 2023 and 30 June 2024 and management information for the six months ended 31 December 2023 and 31 December 2024.

The cost of revenues includes expenses that are directly associated with the projects carried out by the group.

Salaries, wages and related costs

Salaries, wages, and related costs classified under cost of revenue are the expenses for employees responsible for managing and executing the Group's projects.

Salaries, wages, and related costs decreased by 4.0% from SAR 98,879 thousand in the fiscal year ending June 30, 2022, to SAR 94,945 thousand in the fiscal year ending June 30, 2023. This decrease is mainly due to a reduction in external labor wage expenses from SAR 41,396 thousand during the fiscal year ending June 30, 2022, to SAR 25,646 thousand during the fiscal year ending June 30, 2023, as a result of a decrease in the number of proprietary technology projects from 22 during the fiscal year ending June 30, 2022, to 17 during the fiscal year ending June 30, 2023. This was offset by an increase in salaries during the year amounting to SAR 9,911 thousand, resulting from an increase in the number of employees from 199 during the fiscal year ending June 30, 2022, to 215 during the fiscal year ending June 30, 2023.

Salaries, wages, and related costs also decreased by 0.8% from SAR 94,945 thousand in the fiscal year ending June 30, 2023, to SAR 94,212 thousand in the fiscal year ending June 30, 2024. This decrease is mainly attributed to a reduction in employee bonuses during the year amounting to SAR 5,061 thousand. This decrease was partially offset by an increase in salaries during the year amounting to SAR 6,057 thousand, due to a rise in the number of employees from 215 during the fiscal year ending June 30, 2022, to 275 during the fiscal year ending June 30, 2023.

Salaries, wages, and related costs increased by 40.0% from SAR 43,223 thousand during the six-month period ending December 31, 2023, to SAR 60,511 thousand during the six-month period ending December 31, 2024. This is mainly due to an increase in the number of employees from 231 during the six-month period ending December 31, 2023, to 510 during the six-month period ending December 31, 2024, because of the Group's business growth. In addition, part-time employee wages increased by SAR 3,564 thousand during the period as a result of an increase in the number of projects.

Consulting services

Consulting service expenses constituted 5.5%, 15.9%, and 19.6% of the total cost of revenue for the fiscal years ending June 30, 2022, 2023, and 2024, respectively. Consulting services include technology research, strategic and management consulting, in addition to consulting and operational services in the communications sector.

Consulting service expenses increased by 214.5% from SAR 6,685 thousand in the fiscal year ending June 30, 2022, to SAR 21,026 thousand in the fiscal year ending June 30, 2023. The reason for the increase is mainly due to the growth in the volume of consulting business during this period as a result of adding new projects with government entities related to digital citizenship and expanding the customer base of private companies developing gaming applications.

Consulting service expenses also increased by 49.2%, or SAR 10,339 thousand, from SAR 21,026 thousand during the fiscal year ending June 30, 2023, to SAR 31,365 thousand during the fiscal year ending June 30, 2024, driven mainly by the increase in the Group's revenues resulting from the growth in the volume of consulting business, in addition to an increase in supplies and training expenses during the year.

Consulting service expenses decreased by 44.5%, or SAR 6,367 thousand, from SAR 14,308 thousand during the six-month period ending December 31, 2023, to SAR 7,941 thousand during the six-month period ending December 31, 2024, due to the completion of a number of projects that required consulting service expenses in the previous period.

Travel, transportation and vacations / leaves

Travel, transportation, and leave expenses increased by 37.3% from SAR 2,873 thousand during the fiscal year ending June 30, 2022, to SAR 3,945 thousand during the fiscal year ending June 30, 2023; driven by the growth of the company's business with clients who require the presence of the Group's workforce at their premises.

Travel, transportation, and leave expenses increased by 4.1%, or SAR 161 thousand, from SAR 3,945 thousand during the fiscal year ending June 30, 2023, to SAR 4,106 thousand during the fiscal year ending June 30, 2024, driven by the increase in the volume of the Group's corporate and consulting services during the year.

Travel, transportation, and leave expenses increased by 196.1%, or SAR 2,269 thousand, from SAR 1,157 thousand during the six-month period ending December 31, 2023, to SAR 3,427 thousand during the six-month period ending December 31, 2024, driven by the increase in the number of employees during the period with the growth of the Group's business.

IT expenses

These decreased by 75.0% from SAR 8,313 thousand during the fiscal year ending June 30, 2022, to SAR 2,081 thousand during the fiscal year ending June 30, 2023, as a result of a decrease in the number of projects requiring technical support and licenses during the year.

Information technology expenses increased by 276.6%, or SAR 5,757 thousand, from SAR 2,081 thousand during the fiscal year ending June 30, 2023, to SAR 7,838 thousand during the fiscal year ending June 30, 2024. This is due to the significant growth in the volume of proprietary technology business during the year.

Information technology expenses increased by 87.1%, or SAR 1,474 thousand, from SAR 1,692 thousand during the six-month period ending December 31, 2023, to SAR 3,166 thousand during the six-month period ending December 31, 2024, as a result of increased technical requirements for a project during this period.

Other expenses

Other expenses constituted 0.96%, 3.4%, and 6.1% of the total cost of revenue for the fiscal years ending June

30, 2022, 2023, and 2024, respectively. They also constituted 8.6% and 11.0% of the total cost of revenue during the six-month periods ending December 31, 2023, and 2024, respectively.

Expenses increased by SAR 3,294 thousand from SAR 1,173 thousand in the fiscal year ending June 30, 2022, to SAR 4,466 thousand in the fiscal year ending June 30, 2023. The main reason for the increase is the rise in support related to the increase in the number of implemented projects by SAR 1,243 thousand, in addition to the increase in government fees, subscriptions, and rents by SAR 679 thousand and SAR 478 thousand, respectively, during the year.

Other expenses increased by 117.2%, or SAR 5,233 thousand, from SAR 4,466 thousand in the fiscal year ending June 30, 2023, to SAR 9,699 thousand during the fiscal year ending June 30, 2024, driven mainly by the increase in other costs related to new projects and events held by the Group during the year by SAR 2,429 thousand, in addition to the increase in government fees and subscriptions by SAR 1,291 thousand.

Other expenses increased by 52.9%, or SAR 3,388 thousand, from SAR 6,399 thousand during the six-month period ending December 31, 2023, to SAR 9,786 thousand during the six-month period ending December 31, 2024, driven mainly by the increase in other professional services.

The following table shows the details of the cost of revenue by service line for the fiscal years ending June 30, 2022, 2023, and 2024, and the six-month period ending December 31, 2024, and the comparative figures for the six-month period ending December 31, 2023:

Table number (112): Details of Cost of Revenue by Service line

(In Thousands of Riyals)	Fiscal year ending 30 June			Six months period ending 31 December		Change percentage %		
	2022	2023	2024	2023	2024	2022 - 2023	2023 - 2024	December 2023 - December 2024
Enterprise Services	70,375	69,039	84,743	35,297	55,559	(1.9%)	22.7%	57.4%
Consulting Services	30,881	19,225	18,305	7,208	11,815	(37.7%)	(4.8%)	63.9%
Proprietary Technologies	8,825	32,112	45,144	23,185	19,024	263.9%	40.6%	(17.9%)
Third-party platforms	11,668	11,979	11,625	8,394	2,953	2.7%	(3.0%)	(64.8%)
Total cost of revenue	121,749	132,355	159,816	74,084	89,351	8.7%	20.7%	20.6%

Source: Audited financial statements for the financial years ended 30 June 2022 and 30 June 2023 and management information for the year ended 30 June 2024 and for the six-month periods ended 31 December 2023 and 31 December 2024.

Enterprise Services

The cost of revenue for Enterprise Services decreased by the equivalent of SAR 1,336 thousand, from SAR 70,375 thousand during the fiscal year ended June 30, 2022, to SAR 69,039 thousand during the fiscal year ended June 30, 2023. This was a result of a decrease in project revenues with government clients due to the completion of a number of projects during the year.

The cost of revenue for Enterprise Services increased by 22.7%, or the equivalent of SAR 15,703 thousand, from SAR 69,039 thousand during the fiscal year ended June 30, 2023, to SAR 84,743 thousand during the fiscal year ended June 30, 2024. This is attributable to achieving higher execution rates for existing projects, in addition to the growth in business volume with private sector clients during the year.

The cost of revenue for Enterprise Services increased by 57.4%, or the equivalent of SAR 20,262 thousand, from SAR 35,297 thousand during the six-month period ended December 31, 2023, to SAR 55,559 thousand during the six-month period ended December 31, 2024. This is due to the increase in the volume of project business with clients from government and semi-governmental entities.

Consulting Services

The cost of revenue for Consulting Services decreased by 37.7%, or the equivalent of SAR 11,657 thousand, from SAR 30,881 thousand during the fiscal year ended June 30, 2022, to SAR 19,225 thousand during the fiscal year ended June 30, 2023. This was a result of a decrease in the volume of project business with clients from government and semi-governmental entities during the year.

The cost of revenue for Consulting Services also decreased by 4.8%, equivalent to SAR 920 thousand, from SAR 19,225 thousand during the fiscal year ended June 30, 2023, to SAR 18,305 thousand during the fiscal year ended June 30, 2024. This is attributable to a decrease in the volume of project business with clients from government entities during the year.

The cost of revenue for Consulting Services increased by 63.9%, or the equivalent of SAR 4,607 thousand, from SAR 7,208 thousand during the six-month period ended December 31, 2023, to SAR 11,815 thousand during the six-month period ended December 31, 2024. This is due to an increase in revenues from projects with government entities, driven by a rise in the number of projects.

Proprietary Technologies

The cost of revenue for Proprietary Technologies in this sector increased by the equivalent of SAR 23,287 thousand, from SAR 8,825 thousand during the fiscal year ended June 30, 2022, to SAR 32,112 thousand during the fiscal year ended June 30, 2023. This was a result of an increase in the number of contracts signed with private sector clients during the year.

The cost of revenue for Proprietary Technologies also increased by the equivalent of SAR 13,032 thousand, from SAR 32,112 thousand during the fiscal year ended June 30, 2023, to SAR 45,144 thousand during the fiscal year ended June 30, 2024. This is attributable to an increase in the volume of project business with clients from government entities and the private sector during the year.

The cost of revenue for Proprietary Technologies decreased by 17.9%, or the equivalent of SAR 4,161 thousand, from SAR 23,185 thousand during the six-month period ended December 31, 2023, to SAR 19,024 thousand during the six-month period ended December 31, 2024. This is due to a decrease in revenues, as some projects had been 100% completed or were near completion during the six-month period ended December 31, 2024.

Third party platforms

The cost of revenue for Third-Party Platforms remained stable at an annual rate of approximately SAR 11,757 thousand during the three fiscal years ended June 30, 2024. The ratio of costs to total revenue improved from 80% in the fiscal year ended June 30, 2022, to 73% in the fiscal year ended June 30, 2024, which indicates the Group’s ability to manage costs with high efficiency.

The cost of revenue for Third-Party Platforms decreased by 64.8%, or the equivalent of SAR 5,441 thousand, from SAR 8,394 thousand during the six-month period ended December 31, 2023, to SAR 2,953 thousand during the six-month period ended December 31, 2024. This is because the company incurred operational expenses related to a contract during the six-month period ended December 31, 2023, and did not incur these expenses during the six-month period ended December 31, 2024.

5.10.3. Gross profit by Service line

The following table shows the gross profit by service line for the fiscal years ended June 30, 2022, 2023, and 2024, and for the six-month period ended December 31, 2024, with comparative figures for the six-month period ended December 31, 2023:

Table number (113): Gross profit by service line

(In Thousands of Riyals)	Fiscal year ending 30 June			Six months period ending 31 December		Change percentage %		
	2022	2023	2024	2023	2024	2022 - 2023	2023 - 2024	December 2023 - December 2024
Enterprise Services	19,071	21,121	31,379	8,944	15,319	10.8%	48.6%	71.3%
Consulting Services	8,318	5,291	6,303	3,024	5,370	(36.4%)	19.1%	77.6%
Proprietary Technologies	508	8,531	13,799	10,886	4,420	1577.7%	61.8%	(59.4%)
Third-party platforms	2,915	3,531	6,342	2,908	10,173	21.2%	79.6%	249.9%
Gross profit by service line	30,811	38,474	57,822	25,763	35,282	24.9%	50.3%	36.9%

Source: Audited financial statements for the financial years ended 30 June 2022 and 30 June 2023 and management information for the financial year ended 30 June 2024 and for the six-month periods ended 31 December 2023 and 31 December 2024.

The company recorded a growth in gross profit of 24.9%, or the equivalent of SAR 7,663 thousand, from SAR 30,811 thousand during the fiscal year ended June 30, 2022, to SAR 38,474 thousand during the fiscal year ended June 30, 2023. This was driven by an increase in gross profit from Proprietary Technologies, Enterprise Services, and Third-Party Platforms during the year by an equivalent of SAR 8,023 thousand, SAR 2,050 thousand, and SAR 617 thousand, respectively. This resulted from an increase in revenues from the Group's existing clients and the addition of new clients to the Group's client base. This was partially offset by a decrease in gross profit from Consulting Services during the year, equivalent to SAR 3,027 thousand, due to an increase in operational salary and wage expenses and a rise in consulting expenses.

Gross profit continued to increase by 50.3%, or the equivalent of SAR 19,348 thousand, from SAR 38,474 thousand during the fiscal year ended June 30, 2023, to SAR 57,822 thousand during the fiscal year ended June 30, 2024. This is mainly attributable to the increase in gross profit from Enterprise Services and Proprietary Technologies during the year by an equivalent of SAR 10,258 thousand and SAR 5,268 thousand, respectively.

Gross profit increased by 36.9%, equivalent to SAR 9,519 thousand, from SAR 25,763 thousand during the six-month period ended December 31, 2023, to SAR 35,282 thousand during the six-month period ended December 31, 2024. This is mainly due to the rise in gross profit from Third-Party Platforms, Enterprise Services, and Consulting Services, driven by the addition of new clients. This was offset by a decrease in the gross profit from Proprietary Technologies.

Enterprise Services

The gross profit margin for Enterprise Services increased from 21.3% in the fiscal year ended June 30, 2022, to 23.4% during the fiscal year ended June 30, 2023. This is attributable to a higher profit margin from some projects with clients from government entities.

The gross profit margin for Enterprise Services also increased from 23.4% during the fiscal year ended June 30, 2023, to 27.0% during the fiscal year ended June 30, 2024, driven by service revenues growing at a higher rate compared to costs, as a result of business volume growth with government entities during the year.

The gross profit margin for Enterprise Services increased from 20.2% during the six-month period ended

December 31, 2023, to 21.6% during the six-month period ended December 31, 2024, driven by an increase in the profitability of new projects.

Consulting Services

The gross profit margin for Consulting Services was stable at 21.2% and 21.6% in the two fiscal years ended June 30, 2022, and 2023, respectively.

The gross profit margin for Consulting Services increased from 21.6% during the fiscal year ended June 30, 2023, to 25.6% during the fiscal year ended June 30, 2024. This is mainly due to the implementation of projects with a relatively high profit margin compared to the existing projects in the previous year.

The gross profit margin for Consulting Services increased from 29.6% during the six-month period ended December 31, 2023, to 31.2% during the six-month period ended December 31, 2024, driven by consulting services revenues growing at a higher rate compared to costs.

Proprietary Technologies

The gross profit margin for Proprietary Technologies increased from 5.4% in the fiscal year ended June 30, 2022, to 21.0% in the fiscal year ended June 30, 2023, driven mainly by the implementation of projects with relatively high margins with private sector clients during the year.

The gross profit margin for Proprietary Technologies continued to increase from 21.0% in the fiscal year ended June 30, 2023, to 23.4% during the fiscal year ended June 30, 2024. This is mainly attributable to the implementation of projects with relatively high margins with clients from government entities.

The gross profit margin for Proprietary Technologies decreased from 32.0% during the six-month period ended December 31, 2023, to 18.9% during the six-month period ended December 31, 2024. This is due to the completion of some high-profit-margin projects and the commencement of new projects with relatively lower profit margins.

Third party platforms

The gross profit margin for Third-Party Platforms in this sector increased from 20.0% in the fiscal year ended June 30, 2022, to 22.8% in the fiscal year ended June 30, 2023, driven by the completion of projects with relatively high profit margins during the year.

The gross profit margin for Third-Party Platforms continued to increase from 22.8% in the fiscal year ended June 30, 2023, to 35.3% during the fiscal year ended June 30, 2024. This is mainly attributable to the decrease in salary and wage expenses attributed to platform services during the year, in addition to the completion of projects with relatively high profit margins.

The gross profit margin for Third-Party Platforms increased from 25.7% during the six-month period ended December 31, 2023, to 77.5% during the six-month period ended December 31, 2024. This is mainly due to the implementation of five projects with relatively high profit margins.

5.10.4. General and administrative expenses

The following table provides details of general and administrative expenses for the fiscal years ending June 30, 2022, 2023, and 2024, as well as the six-month period ending December 31, 2024. It also includes comparison figures for the six-month period ending December 31, 2023.:

Table number (114): General and Administrative Expenses								
(In Thousands of Riyals)	Fiscal year ending 30 June			Six months period ending 31 December		Change percentage %		
	2022	2023	2024	2023	2024	2022 - 2023	2023 - 2024	December 2023 - December 2024
Salaries, wages and related costs	8,467	11,681	12,943	4,282	9,573	38.0%	10.8%	123.6%
Professional fees	1,568	1,613	4,280	1,470	1,824	2.9%	165.3%	24.1%
Depreciation of right-of-use assets	438	707	1,467	354	1,402	61.4%	107.5%	296.6%
Depreciation of property and equipment	358	994	1,115	540	647	177.6%	12.2%	19.8%
Social Insurance	911	1,179	1,038	651	489	29.4%	(11.9%)	(24.9%)
Insurance	312	591	922	419	555	89.6%	56.1%	32.2%
Subscription fees	0	186	775	0	496	N/A	316.6%	N/A
Remuneration of the Board of Directors and Committees	-	421	715	234	372	N/A	69.7%	59.0%
Employees defined benefits cost	600	684	610	(51)	681	14.1%	(10.8%)	(1447.0%)
Tax expense	286	312	578	250	166	9.1%	85.4%	(33.6%)
Rental expenses	68	212	330	163	353	210.8%	55.3%	117.1%
Training Expenses	53	274	279	162	110	415.0%	1.6%	(32.2%)
IT Expenses	273	429	233	132	46	57.5%	(45.8%)	(65.0%)
Other	821	1,063	2,875	2,269	1,230	29.5%	170.4%	(45.8%)
Total general and administrative expenses	14,155	20,347	28,160	10,875	17,943	43.8%	38.4%	65.0%

Source: Audited financial statements for the financial years ended 30 June 2022, 30 June 2023 and 30 June 2024 and management information for the six months ended 31 December 2023 and 31 December 2024.

Salaries, wages, and related costs constituted 59.8%, 57.4%, and 46.0% of the total general and administrative expenses during the fiscal years ended June 30, 2022, 2023, and 2024, respectively. They also constituted 39.4% and 53.4% of the total general and administrative expenses during the six-month periods ended December 31, 2023, and 2024, respectively.

Salaries, wages and related costs

Salaries, wages, and related costs increased by 38.0%, or the equivalent of SAR 3,214 thousand, from SAR 8,467 thousand in the fiscal year ended June 30, 2022, to SAR 11,681 thousand in the fiscal year ended June 30, 2023. This is mainly due to an increase in the number of employees in line with business growth and increased regulatory requirements following the company's Initial Public Offering (IPO) on the Parallel Market.

Salaries, wages, and similar expenses continued to rise by 10.8% to reach SAR 12,943 thousand during the fiscal year ended June 30, 2024, which is attributable to an increase in the number of employees in line with business growth.

Salaries, wages, and related costs increased by 123.6%, or the equivalent of SAR 5,291 thousand, from SAR 4,282 thousand during the six-month period ended December 31, 2023, to SAR 9,573 thousand during the six-month period ended December 31, 2024. This was a result of the increase in the number of administrative employees from 77 during the six-month period ended December 31, 2023, to 108 during the six-month period ended December 31, 2024, in line with business growth and increased regulatory requirements. In addition, developer salary costs were capitalized in the previous period, but a portion was charged under salaries, wages, and related costs during the six-month period ended December 31, 2024, due to the completion of the internal platform the developers were working on in September 2024.

Professional fees

Professional fees include expenses for auditors and consultants engaged by the company, in addition to government fees. Professional fees increased from SAR 1,568 thousand in the fiscal year ended June 30, 2022, to SAR 1,613 thousand in the fiscal year ended June 30, 2023, which is attributable to the increased need for consulting work due to the Group's business growth.

Professional fees continued to rise by 165.3% to reach SAR 4,280 thousand during the fiscal year ended June 30, 2024. This is mainly due to the Group incurring consulting fees and charges related to the application to transfer from the Nomu - Parallel Market to the Main Market (Tasi) during the year.

Professional fees increased by 24.1%, or the equivalent of SAR 354 thousand, from SAR 1,470 thousand during the six-month period ended December 31, 2023, to SAR 1,824 thousand during the six-month period ended December 31, 2024. This was a result of the increased need for consulting work related to the application to transfer from the Nomu - Parallel Market to the Main Market (Tasi) during the period.

Other expenses

Other expenses include a variety of costs incurred during the normal course of business. Other expenses increased by 29.5%, or the equivalent of SAR 243 thousand, from SAR 821 thousand in the fiscal year ended June 30, 2022, to SAR 1,063 thousand in the fiscal year ended June 30, 2023. This is mainly due to an increase in travel, transportation, and leave expenses by an equivalent of SAR 131 thousand during the year.

Other expenses continued to rise by 170.4% to reach SAR 2,875 thousand in the fiscal year ended June 30, 2024, driven by an increase in travel and transportation expenses by an equivalent of SAR 1,011 thousand and other general expenses by an equivalent of SAR 796 thousand during the year.

Other expenses decreased by 45.8%, or the equivalent of SAR 1,039 thousand, from SAR 2,269 thousand during the six-month period ended December 31, 2023, to SAR 1,230 thousand during the six-month period ended December 31, 2024. This was a result of the reclassification of temporary labor costs, which are now presented under the 'Salaries, wages, and related costs' line item during the six-month period ended December 31, 2024. These costs amounted to SAR 873 thousand during the six-month period ended December 31, 2023.

5.10.5 Selling and distribution expenses

Selling and distribution expenses decreased by 98.3%, or the equivalent of SAR 1,385 thousand, from SAR 1,409 thousand during the fiscal year ended June 30, 2022, to SAR 24 thousand during the fiscal year ended June 30, 2023. This is mainly due to a decrease in marketing expenses during the fiscal year ended June 30, 2023, by a value of SAR 1,327 thousand.

Selling and distribution expenses increased by the equivalent of SAR 1,043 thousand, from SAR 24 thousand during the fiscal year ended June 30, 2023, to SAR 1,067 thousand during the fiscal year ended June 30, 2024. This is mainly due to an increase in marketing expenses by an equivalent of SAR 1,034 thousand during the year.

Selling and distribution expenses decreased by 34.8%, or the equivalent of SAR 182 thousand, from SAR 524 thousand during the six-month period ended December 31, 2023, to SAR 342 thousand during the six-month period ended December 31, 2024. This is mainly due to a 31.6% decrease in exhibition fees during this period.

5.10.6. Share of result from Investment in associates

The share in the result of an investment in an associate company increased by 105.7%, or the equivalent of SAR 914 thousand, from SAR 865 thousand in the fiscal year ended June 30, 2022, to SAR 1,779 thousand in the fiscal year ended June 30, 2023, which is attributable to the increase in the associate company's profits.

The share in the result of an investment in an associate company also increased to reach SAR 2,020 thousand during the fiscal year ended June 30, 2024, as a result of the associate company's profits increasing from SAR 3,918 thousand during the fiscal year ended June 30, 2023, to SAR 5,181 thousand during the fiscal year ended June 30, 2024.

During the six-month period ended December 31, 2024, the Group acquired a 30% stake in the Machine Learning for Information Technology Company for a value of SAR 2.8 million. The share in the result of an investment in an associate company increased by 393.5%, or the equivalent of SAR 1,552 thousand, from SAR 394 thousand during the six-month period ended December 31, 2023, to SAR 1,946 thousand during the six-month period ended December 31, 2024. This was a result of an increase in the unaudited profits of the National Real Estate Platform Company (Aqarek) from SAR 1,207 thousand during the six-month period ended December 31, 2023, to SAR 6,949 thousand during the six-month period ended December 31, 2024.

5.10.7. Finance cost, net

The following table shows the finance cost, net, for the fiscal years ended June 30, 2022, 2023, and 2024, and for the six-month period ended December 31, 2024, with comparative figures for the six-month period ended December 31, 2023:

Table number (115): Net financing cost

(In Thousands of Riyals)	Fiscal year ending 30 June			Six months period ending 31 December		Change percentage %		
	2022	2023	2024	2023	2024	2022 - 2023	2023 - 2024	December 2023 - December 2024
Interest on rental liabilities	183	721	1,063	453	1,001	293.4%	47.4%	121.2%
Income from sub lease asset	0	(292)	(263)	(135)	(120)	N/A	(9.9%)	(11.3%)
Finance charges on loans and bank guarantees	455	600	499	593	545	31.9%	(16.8%)	(8.1%)
Interest on employees defined benefit liabilities	52	135	236	120	118	161.0%	75.3%	(1.5%)
Total financing costs	690	1,165	1,536	1,031	1,545	68.8%	31.9%	49.9%

Source: Audited financial statements for the financial years ended 30 June 2022, 30 June 2023 and 30 June 2024 and management information for the six months ended 31 December 2023 and 31 December 2024.

Finance cost increased from SAR 690 thousand in the fiscal year ended June 30, 2022, to SAR 1,165 thousand in the fiscal year ended June 30, 2023. This is mainly attributable to the increase in interest on lease liabilities associated with the Group's head office building.

Finance cost also increased to reach SAR 1,536 thousand during the fiscal year ended June 30, 2024, which is mainly attributable to the increase in interest on lease liabilities.

Finance cost increased by 49.9%, or the equivalent of SAR 514 thousand, from SAR 1,031 thousand during the six-month period ended December 31, 2023, to SAR 1,545 thousand during the six-month period ended December 31, 2024. This is mainly due to the increase in interest calculated on the lease liabilities associated with the head office building of the subsidiary, Azm X for Information Technology Company.

5.10.8. Other Income, net

The following table presents other income for the fiscal years ending June 30, 2022, 2023, and 2024, as well as the six-month period ending December 31, 2024. It also includes comparison figures for the six-month period ending December 31, 2023.:

Table number (116): Other income

(In Thousands of Riyals)	Fiscal year ending 30 June			Six months period ending 31 December		Change percentage %		
	2022	2023	2024	2023	2024	2022 - 2023	2023 - 2024	December 2023 - December 2024
Gain on disposal of investment in associates	4,778	5,295	-	0	0	10.8%	N/A	N/A
Rental income	-	1,334	1,849	667	925	N/A	38.6%	38.7%
Financing income from assets held at amortized cost	0	-	1,670	632	910	N/A	N/A	44.0%
Change in fair value of investments at fair value through profit or loss	441	789	1,125	329	1,655	78.8%	42.6%	403.6%
Realized gain from the sale of investments at fair value through profit or loss	-	231	266	368	61	N/A	15.2%	(83.3%)
Dividend Income	-	0	160	81	100	N/A	N/A	24.0%
Gain on the disposal of right-of-use assets	146	-	0	0	0	N/A	N/A	N/A
Gain (loss) on disposal of property and equipment	348	-	(0)	0	0	N/A	N/A	N/A
Others	82	14	(7)	(7)	(6)	(82.8%)	(150.7%)	(22.6%)
Total Other Income	5,795	7,663	5,061	2,069	3,646	32.2%	(34.0%)	76.2%

Source: Audited financial statements for the financial years ended 30 June 2022, 30 June 2023 and 30 June 2024 and management information for the six months ended 31 December 2023 and 31 December 2024.

Other income increased from SAR 5,795 thousand in the fiscal year ended June 30, 2022, to SAR 7,663 thousand in the fiscal year ended June 30, 2023. This is mainly attributable to recording a gain on the disposal of an investment in associate companies amounting to SAR 5,295 thousand, in addition to rental income from a sublease of SAR 527 thousand resulting from the subletting of the second and third floors of the administrative building to external lessees.

Other income decreased from SAR 7,663 thousand in the fiscal year ended June 30, 2023, to SAR 5,061 thousand during the fiscal year ended June 30, 2024. This decrease is due to the gain realized from the disposal of an investment in associate companies during the fiscal year ended June 30, 2023, which had significantly contributed to other income in the previous year. This was offset by an increase in rental income and finance income from assets held at amortized cost during the fiscal year ended June 30, 2024.

Other income increased by 76.2%, or the equivalent of SAR 1,577 thousand, from SAR 2,069 thousand during the six-month period ended December 31, 2023, to SAR 3,646 thousand during the six-month period ended December 31, 2024. This is mainly due to recording gains resulting from the change in the fair value of an investment held at fair value through profit or loss.

5.10.9. Profit for the year / period

Profit for the year recorded a gradual increase of 25.5%, or the equivalent of SAR 4,873 thousand, from SAR 19,095 thousand during the fiscal year ended June 30, 2022, to SAR 23,967 thousand during the fiscal year ended June 30, 2023. This was driven by an increase in operating profit from SAR 14,517 thousand during the fiscal year ended June 30, 2022, to SAR 17,325 thousand during the fiscal year ended June 30, 2023, in addition to an increase in other income from SAR 5,795 thousand during the fiscal year ended June 30, 2022, to SAR 7,663 thousand during the fiscal year ended June 30, 2023.

The rise continued by 25.8%, or the equivalent of SAR 6,195 thousand, from SAR 23,967 thousand during the fiscal year ended June 30, 2023, to SAR 30,163 thousand during the fiscal year ended June 30, 2024, driven mainly by the increase in operating profit from SAR 17,325 thousand during the fiscal year ended June 30, 2023, to SAR 27,677 thousand during the fiscal year ended June 30, 2024.

Profit for the period increased by 28.7%, or the equivalent of SAR 4,024 thousand, from SAR 14,031 thousand during the six-month period ended December 31, 2023, to SAR 18,055 thousand during the six-month period ended December 31, 2024. This was driven by an increase in operating profit from SAR 14,234 thousand during the six-month period ended December 31, 2023, to SAR 15,947 thousand during the six-month period ended December 31, 2024, in addition to an increase in the share in the result of an investment in an associate company by an equivalent of SAR 1,552 thousand and an increase in other income by an equivalent of SAR 1,577 thousand during the same period.

5.10.10. Comprehensive income

Total comprehensive income for the year increased by 26.5%, or the equivalent of SAR 5,113 thousand, from SAR 19,272 thousand in the fiscal year ended June 30, 2022, to SAR 24,385 thousand in the fiscal year ended June 30, 2023, in line with the increase in annual net profit.

Total comprehensive income for the year continued to increase by 26.0%, or the equivalent of SAR 6,352 thousand, to reach SAR 30,737 thousand during the fiscal year ended June 30, 2024, driven by the increase in net profit during the year, in addition to a gain on the remeasurement of defined benefit obligations for employees amounting to SAR 625 thousand.

Total comprehensive income for the period increased by 25.5%, or the equivalent of SAR 3,740 thousand, from SAR 14,687 thousand during the six-month period ended December 31, 2023, to SAR 18,427 thousand during the six-month period ended December 31, 2024, in line with the increase in net profit for the period.

5.11. Consolidated Statement of Financial Position Data

The following table presents the consolidated statement of financial position data as of June 30, 2022, 2023, and 2024, as well as December 31, 2024.:

Table number (117): Consolidated statement of financial position data								
(In Thousands of Riyals)	As of 30 June			As of 31 December	Change percentage %			Compound Growth %
	2022	2023	2024	2024	2022 - 2023	2023 - 2024	June 2024 - December 2024	June 2022 – June 2024
Assets								
Non-current assets								
Property & Equipment	7,110	7,069	6,706	7,394	(0.6%)	(5.1%)	10.3%	(2.9%)
Right of use assets	9,577	8,355	21,538	21,008	(12.8%)	157.8%	(2.5%)	50.0%
Intangible assets	472	807	2,791	6,512	71.0%	245.8%	133.4%	143.2%
Investment in an associate company	789	2,316	5,438	10,188	193.5%	134.8%	87.3%	162.5%
Investment in a financial lease	4,529	3,857	3,185	2,849	(14.8%)	(17.4%)	(10.5%)	(16.1%)
Financial assets at fair value through other comprehensive income	1,884	1,771	1,437	1,796	(6.0%)	(18.8%)	25.0%	(12.6%)
Financial assets held at amortized cost	0	24,995	31,185	18,369	N/A	24.8%	(41.1%)	N/A
Total non-current assets	24,361	49,170	72,281	68,117	101.8%	47.0%	(5.8%)	72.3%
Current Assets								
Current portion of an invest-ment in a finance lease	672	672	672	672	0.0%	0.0%	0.0%	0.0%
Current portion of financial assets held at amortized cost	0	0	0	18,206	N/A	N/A	N/A	N/A
Due from related parties	1,281	1,137	127	116	(11.2%)	(88.8%)	(8.8%)	(68.5%)
Contract assets	13,443	20,539	82,694	35,787	52.8%	302.6%	(56.7%)	148.0%
Financial assets at fair value through profit or loss	17,000	25,019	26,002	132,718	47.2%	3.9%	410.4%	23.7%
Trade receivables	11,203	23,920	34,423	SAR 27,116	113.5%	43.9%	(21.2%)	75.3%
Advance payments and other current assets	12,415	10,807	13,512	14,706	(13.0%)	25.0%	8.8%	4.3%
Cash and cash equivalents	27,222	27,595	11,957	16,698	1.4%	(56.7%)	39.6%	(33.7%)
Total Current Assets	83,236	109,690	169,387	246,018	31.8%	54.4%	45.2%	42.7%
Total Assets	107,596	158,859	241,668	314,135	47.6%	52.1%	30.0%	49.9%
Equity and Liabilities								
Non-current liabilities								
Employees' Defined benefit liabilities	3,663	5,081	5,028	6,234	38.7%	(1.0%)	24.0%	17.2%
Long term loans	0	3,605	0	0	N/A	(100.0%)	N/A	N/A
Lease liabilities	10,867	9,336	19,774	19,396	(14.1%)	111.8%	(1.9%)	34.9%

(In Thousands of Riyals)	As of 30 June			As of 31 December	Change percentage %			Compound Growth %
	2022	2023	2024	2024	2022 - 2023	2023 - 2024	June 2024 - December 2024	June 2022 – June 2024
Accrual and other liabilities – non-current	1,187	924	692	589	(22.1%)	(25.1%)	(14.9%)	(23.6%)
Total non-current liabilities	15,716	18,946	25,495	26,219	20.6%	34.6%	2.8%	27.4%
Current liabilities								
Current portion of a long-term loan	2,013	4,640	6,095	2,505	130.5%	31.4%	(58.9%)	74.0%
Short term loan	0	0	5,085	0	N/A	N/A	(100.0%)	N/A
Current part of lease liabilities	2,252	2,252	4,326	5,452	0.0%	92.1%	26.0%	38.6%
Contract liabilities	9,911	24,691	33,856	71,213	149.1%	37.1%	110.3%	84.8%
Zakat and income tax provision	1,581	2,487	4,421	4,510	57.3%	77.8%	2.0%	67.2%
Accrual and other liabilities – current	13,111	24,773	44,158	44,206	89.0%	78.3%	0.1%	83.5%
Due to related parties	0	8,538	4,156	15,877	N/A	(51.3%)	282.0%	N/A
Trade payables	11,193	3,252	22,529	23,400	(70.9%)	592.8%	3.9%	41.9%
Total Current Liabilities	40,060	70,632	124,626	167,163	76.3%	76.4%	34.1%	76.4%
Total Liabilities	55,776	89,578	150,121	193,382	60.6%	67.6%	28.8%	64.1%
Equity								
Capital	30,000	30,000	30,000	30,000	0.0%	0.0%	0.0%	0.0%
Treasury Shares	0	(7,244)	(16,609)	(16,381)	N/A	129.3%	(1.4%)	N/A
Statutory reserve	3,616	5,924	0	0	63.8%	(100.0%)	N/A	N/A
Retained earnings	18,220	39,246	74,099	91,899	115.4%	88.8%	24.0%	101.7%
Share-based payments reserve	0	495	955	14,471	N/A	92.7%	1416.0%	N/A
Equity attributable to equity holders of the company	51,836	68,421	88,444	119,988	32.0%	29.3%	35.7%	30.6%
Non-controlling interests	(15)	860	3,103	765	(5670.2%)	260.8%	(75.3%)	N/A
Total Equity	51,820	69,281	91,547	120,753	33.7%	32.1%	31.9%	32.9%
Total equity and liabilities	107,596	158,859	241,668	314,135	47.6%	52.1%	30.0%	49.9%

Source: The financial statements for the financial years ended 30 June 2022, 30 June 2023, and 30 June 2024, and the interim condensed consolidated financial statements for the six-month period ended 31 December 2024.

Non-current assets

Non-current assets increased by 101.8% from SAR 24,361 thousand as at June 30, 2022, to SAR 49,170 thousand as at June 30, 2023. This is mainly attributable to the Group's investment in financial assets held at amortized cost, amounting to SAR 25,000 thousand, which consists of Sukuk bearing profits at a rate ranging from 4.4% to 4.8% during the fiscal year ended June 30, 2023.

Non-current assets continued to increase by 47.0%, or the equivalent of SAR 23,111 thousand, from SAR 49,170 thousand as at June 30, 2023, to SAR 72,281 thousand as at June 30, 2024. This is mainly due to an increase in the balance of right-of-use assets by an equivalent of SAR 13,184 thousand, resulting from the lease of an administrative office for Azm Tajrubah for Information Technology Company (AZM X) for a period of 10 years. This is in addition to an increase in the balance of financial assets at amortized cost by SAR 6,190 thousand, representing the Group's investments in Sukuk bearing profits at a rate ranging from 4.8% to 8.4% during the year.

Non-current assets decreased by 5.8% from SAR 72,281 thousand as at June 30, 2024, to SAR 68,117 thousand as at December 31, 2024. This is mainly due to a decrease in the balance of financial assets at amortized cost by an equivalent of SAR 12,816 thousand, as a result of classifying a portion of these financial assets at amortized cost as current assets (with a value of SAR 18,206 thousand). This decrease was offset by an increase in investment in associate companies by an equivalent of SAR 4,750 thousand, driven mainly by the company's acquisition of a 30% stake in the Machine Learning for Information Technology Company. This is in addition to an increase in intangible assets by an equivalent of SAR 3,721 thousand resulting from the development of three platforms.

Current assets

Trade receivables, cash and cash equivalents, and financial assets at fair value through profit or loss collectively constituted 66.6%, 69.8%, and 42.7% of the total current asset balances as at June 30, 2022, 2023, and 2024, respectively. They also constituted 71.8% of the total current asset balances as at December 31, 2024.

Current assets increased by a value of SAR 26,454 thousand, from SAR 83,236 thousand as at June 30, 2022, to SAR 109,690 thousand as at June 30, 2023. This is mainly due to an increase in the balance of trade receivables by SAR 12,717 thousand, in addition to an increase in the Group's investments in financial assets at fair value through profit or loss by a value of SAR 8,019 thousand.

Current assets increased by a value of SAR 59,698 thousand as at June 30, 2023, to reach SAR 169,387 thousand as at June 30, 2024. This is mainly due to an increase in the balance of contract assets by a value of SAR 62,155 thousand, influenced by the Group's business volume growth, in addition to an increase in the balance of trade receivables by a value of SAR 10,503 thousand. This was offset by a decrease in the balance of cash and cash equivalents by a value of SAR 15,638 thousand during the year.

Current assets increased by 45.2% from SAR 169,387 thousand as at June 30, 2024, to SAR 246,018 thousand as at December 31, 2024. This is mainly due to an increase in the balance of financial assets at fair value through profit or loss by an equivalent of SAR 106,716 thousand, as the Group invested in investment funds through a local brokerage firm in the Kingdom of Saudi Arabia. Additionally, a portion of financial assets at amortized cost was included within current assets, amounting to an equivalent of SAR 18,206 thousand, whereas the balance of these assets was 0 as at June 30, 2024. This was partially offset by a decrease in the balance of contract assets by a value of SAR 46,907 thousand during the period.

Non-current liabilities

Lease liabilities and defined benefit obligations for employees together constituted 92.5%, 76.1%, and 97.3% of total non-current liabilities as at June 30, 2022, 2023, and 2024, respectively. They also constituted 97.8% of total non-current liabilities as at December 31, 2024.

Non-current liabilities increased by 20.6%, or the equivalent of SAR 3,230 thousand, from SAR 15,716 thousand as at June 30, 2022, to SAR 18,946 thousand as at June 30, 2023, as a result of an increase in the long-term loan balance by a value of SAR 3,605 thousand, in addition to an increase in defined benefit obligations for employees by a value of SAR 1,418 thousand.

Non-current liabilities increased by 34.6%, or the equivalent of SAR 6,549 thousand, from SAR 18,946 thousand as at June 30, 2023, to SAR 25,495 thousand. This is mainly due to an increase in the balance of lease liabilities by a value of SAR 10,438 thousand, resulting from the lease of an administrative office for Azm Tajrubah for Information Technology Company (AZM X) for a period of 10 years. This was offset by a decrease in the long-term loan balance by a value of SAR 3,605 thousand due to the Group's repayment of loan installments.

Non-current liabilities increased by 2.8% from SAR 25,495 thousand as at June 30, 2024, to SAR 26,219 thousand as at December 31, 2024, as a result of an increase in defined benefit obligations for employees, driven by an increase in the number of employees.

Current liabilities

Five items—the current portion of the long-term loan, short-term loan, contract liabilities, accrued expenses and other liabilities, and trade payables—collectively represent 90.4%, 81.2%, and 89.6% of the total current liability balances as at June 30, 2022, 2023, and 2024, respectively. They also constituted 84.5% of total current liabilities as at December 31, 2024.

Current liabilities increased by 76.3%, or the equivalent of SAR 30,572 thousand, from SAR 40,060 thousand as at June 30, 2022, to SAR 70,632 thousand as at June 30, 2023. This is mainly due to an increase in the balances of contract liabilities by a value of SAR 14,780 thousand, in addition to an increase in accrued and other current liabilities resulting from a rise in accrued salaries, wages, and taxes by a value of SAR 11,662 thousand and an increase in amounts due to related parties by a value of SAR 8,538 thousand.

Current liabilities also increased by 76.4%, or the equivalent of SAR 53,994 thousand, from SAR 70,632 thousand as at June 30, 2023, to SAR 124,626 thousand as at June 30, 2024. This is mainly due to an increase in the balance of accrued and other current liabilities by a value of SAR 19,385 thousand, in addition to an increase in the balance of trade payables and contract liabilities by a value of SAR 19,277 thousand and SAR 9,165 thousand, respectively, during the year.

Current liabilities increased by 34.1%, equivalent to SAR 42,537 thousand, from SAR 124,626 thousand as at June 30, 2024, to SAR 167,163 thousand as at December 31, 2024. This is due to an increase in contract liabilities from SAR 33,856 thousand as at June 30, 2024, to SAR 71,213 thousand as at December 31, 2024, as a result of increased invoicing and receipt of advance payments on several projects. Additionally, amounts due to related parties increased from SAR 4,156 thousand as at June 30, 2024, to SAR 15,877 thousand as at December 31, 2024, due to an increase in amounts due to Azm Financial Technology Company and the Machine Learning for Information Technology Company. This increase was partially offset by a decrease in the long-term loan balance by a value of SAR 3,589 thousand and the short-term loan by a value of SAR 5,085 thousand, due to the Group's repayment of loan installments.

Equity

Equity increased at a compound annual growth rate of 32.9%, or the equivalent of SAR 39,727 thousand, from SAR 51,820 thousand as at June 30, 2022, to SAR 91,547 thousand as at June 30, 2024. This is mainly attributable to an increase in retained earnings resulting from the rise in net profit achieved by the Group during this period.

Equity increased by 31.9% from SAR 91,547 thousand as at June 30, 2024, to SAR 120,753 thousand as at December 31, 2024. This is mainly due to an increase in retained earnings from SAR 74,099 thousand as at June 30, 2024, to SAR 91,899 thousand as at December 31, 2024, as a result of the increase in net profit achieved by the Group during this period. Additionally, the share-based payments reserve increased from SAR 955 thousand as at June 30, 2024, to SAR 14,471 thousand as at December 31, 2024. This is because the Group chose to settle some employee performance benefits by granting them shares instead of cash payments, in line with its employee incentive strategy. Accordingly, the provision related to these benefits was reversed, and the share-based payments reserve was recorded within equity.

5.11.1. Property and equipment

The following table presents property and equipment as of June 30, 2022, 2023, and 2024, as well as December 31, 2024.:

Table number (118): Property and equipment

(In Thousands of Riyals)	As of 30 June			As of 31 December	Change percentage %		
	2022	2023	2024	2024	2022 - 2023	2023 - 2024	June 2024 - December 2024
Property & Equipment							
Computers & Equipment	507	727	1,084	1,069	43.4%	49.2%	(1.3%)
Furniture & Fixtures	703	777	692	625	10.6%	(11.0%)	(9.7%)
Leasehold Improvements	5,900	5,512	4,890	5,658	(6.6%)	(11.3%)	15.7%
Vehicle	0	52	41	42	N/A	(21.1%)	0.9%
Net book value	7,110	7,069	6,706	7,394	(0.6%)	(5.1%)	10.3%

Source: Audited financial statements for the financial years ended 30 June 2022, 30 June 2023 and 30 June 2024 and management information for the six months ended 31 December 2024.

Leasehold improvements constituted 83.0%, 78.0%, and 72.9% of the total net book value of property and equipment as at June 30, 2022, 2023, and 2024, respectively.

The net book value of property and equipment remained stable during the two fiscal years ended June 30, 2022, and 2023, respectively.

The net book value of property and equipment decreased by 5.1%, or the equivalent of SAR 362 thousand, from SAR 7,069 thousand as at June 30, 2023, to SAR 6,706 thousand as at June 30, 2024. This was driven by the depreciation cost for the year, amounting to SAR 1,115 thousand, which was offset by additions of computer hardware and equipment valued at SAR 756 thousand during the year.

The net book value of property and equipment increased by 10.3%, or the equivalent of SAR 687 thousand, from SAR 6,706 thousand as at June 30, 2024, to SAR 7,394 thousand as at December 31, 2024. This is mainly due to an increase in the balance of leasehold improvements related to the subsidiary's office, which was leased in June 2024.

5.11.2. Right-of-use assets

The following table presents right-of-use assets as of June 30, 2022, 2023, and 2024, as well as December 31, 2024:

Table number (119): Right-of-use assets

(In Thousands of Riyals)	As of 30 June			As of 31 December	Change percentage %		
	2022	2023	2024	2024	2022 - 2023	2023 - 2024	June 2024 - December 2024
Assets of the right of use							
Administrative Offices	9,577	8,355	21,538	21,008	(12.8%)	157.8%	(2.5%)
Total	9,577	8,355	21,538	21,008	(12.8%)	157.8%	(2.5%)

Source: Audited financial statements for the financial years ended 30 June 2022, 30 June 2023 and 30 June 2024 and management information for the six months ended 31 December 2024.

During the year 2022, the Group entered into various lease contracts for the head office building as both a lessee and a sublessor. The Group's lease payments are determined over the lease terms, and the lease payments are discounted using an incremental borrowing rate of 7.45%. In contrast, during the year 2024, the Group entered into a 10-year lease contract for an administrative office for Azm Tajrubah for Information Technology Company (AZM X), and the lease payments are discounted using an incremental borrowing rate of 8.73%.

Right-of-use assets are recognized in accordance with International Financial Reporting Standard 16 (IFRS 16), which specifies the principles for the recognition, measurement, presentation, and disclosure of leases, and requires lessees to account for all leases under a single method within the statement of financial position.

The right-of-use assets as at December 31, 2023, arose from lease contracts entered into in May 2022 by the Group as the lessor and lessee of the head office building.

The right-of-use asset balance decreased during the period, affected by depreciation cost which amounted to SAR 1,223 thousand during the fiscal year ended June 30, 2023. The right-of-use asset balance then increased by a value of SAR 13,184 thousand as at June 30, 2024, driven by the value of the administrative office lease contract for Azm Tajrubah for Information Technology Company (AZM X), amounting to SAR 14,650 thousand, which was signed during the year.

There was no material change in the net book value of right-of-use assets as at June 30, 2024, and December 31, 2024.

5.11.3. Intangible assets

Intangible assets consist of electronic platforms from which the Group expects to obtain future economic benefits. They are currently under development, and no amortization is calculated on them. Intangible assets increased from SAR 472 thousand as at June 30, 2022, to SAR 2,791 thousand as at June 30, 2024. This is mainly due to additions from platform development costs and capitalized borrowing costs during this period.

Intangible assets increased from SAR 2,791 thousand as at June 30, 2024, to SAR 6,512 thousand as at December 31, 2024. This is mainly due to the cost incurred to develop three platforms for the Group.

5.11.4. Investment in associates

The following table shows the investment in an associate as at June 30, 2022, 2023, 2024, and December 31, 2024:

Table number (120): investment in an associate company

(In Thousands of Riyals)	As of 30 June			As of 31 December	Change percentage %		
	2022	2023	2024	2024	2022 - 2023	2023 - 2024	June 2024 - December 2024
Investing in an associate							
National Real Estate Platform Company	789	2,316	5,438	7,375	193.5%	134.8%	35.6%
Machine Learning Company for Information Technology	0	0	0	2,813	N/A	N/A	N/A
Total	789	2,316	5,438	10,188	193.5%	134.8%	87.3%

Source: The financial statements for the financial years ended 30 June 2022, 30 June 2023, and 30 June 2024, and the interim condensed consolidated financial statements for the six-month period ended 31 December 2024.

The National Real Estate Platform Company (Aqarek) is registered in the Kingdom of Saudi Arabia as a limited liability company. The company operates in real estate activities, consulting and consulting services, computer programming, data processing, and internet-related activities.

During the year 2022, the Group established the National Real Estate Platform Company (Aqarek) and initially owned 38% of the company's shares. It sold 2.55% during the year, with a carrying value of SAR 114 thousand, which resulted in a gain of SAR 4,778 thousand. During the year ended June 30, 2023, the Group sold a 2.77% stake, with a carrying value of SAR 253 thousand, which resulted in a gain of SAR 5,295 thousand. The Group still maintains significant influence over the investee company.

The Group's investment in the National Real Estate Platform Company increased from SAR 789 thousand as at June 30, 2022, to SAR 2,316 thousand as at June 30, 2023. This increase represents the share of profit from the investment in the associate company, amounting to SAR 1,779 thousand, which was partially offset by a disposal during the year valued at SAR 253 thousand.

The Group's investment in the National Real Estate Platform Company increased from SAR 2,316 thousand as at June 30, 2023, to SAR 5,438 thousand as at June 30, 2024. This increase represents a transfer from a related party that is not expected to be settled in the foreseeable future, amounting to SAR 1,102 thousand, in addition to the share of profit from the investment in the associate company, amounting to SAR 2,020 thousand.

The Group's investment in an associate company increased by 87.3% from SAR 5,438 thousand as at June 30, 2024, to SAR 10,188 thousand as at December 31, 2024. This is due to the following:

- The Group's acquisition of a 30% stake in the Machine Learning for Information Technology Company for a value of SAR 2,800 thousand. The Group paid SAR 1,700 thousand in cash, and the remaining amount of SAR 1,100 thousand was included under liabilities to related parties during the fiscal year ended June 30, 2024.
- The Group's investment in the National Real Estate Platform Company increased from SAR 5,438 thousand as at June 30, 2024, to SAR 7,375 thousand as at December 31, 2024, as a result of the share of profit from this investment, amounting to SAR 1,937 thousand during the period.

5.11.5. Investment in finance lease

The following table shows the movement of investment in a finance lease during the years ended As of June 30, 2022, 2023, 2024, and December 31, 2024:

Table number (121): Movement in the Investment in Finance Lease							
(In Thousands of Riyals)	As of 30 June			As of 31 December	Change percentage %		
	2022	2023	2024	2024	2022 - 2023	2023 - 2024	June 2024 - December 2024
Investment of a financial lease contract							
Balance at the beginning of the year/period	0	5,201	4,529	3,857	N/A	(12.9%)	(14.8%)
Payments received during the year/period	(336)	(672)	(672)	(336)	100.0%	0.0%	(50.0%)
Additions during the year/period	5,537	0	0	0	(100.0%)	N/A	N/A
Year/Period End Balance	5,201	4,529	3,857	3,521	(12.9%)	(14.8%)	(8.7%)
Current	672	672	672	672	0.0%	0.0%	0.0%
Non-Current	4,529	3,857	3,185	2,849	(14.8%)	(17.4%)	(10.5%)

Source: Audited financial statements for the financial years ended 30 June 2022, 30 June 2023 and 30 June 2024 and management information for the six months ended 31 December 2024.

During the year 2022, the Group entered into an agreement with the Real Estate Projects Fund Company, under which the Group leased a three-story building for a period of 8 years. Accordingly, the Group became a lessee and was required to recognize a right-of-use asset and a lease liability in accordance with International Financial Reporting Standard (IFRS 16). However, during the same month, the company subleased Floor 2 and Floor 3 to different lessees. Floor 2 was subleased for two years, while Floor 3 was subleased for 8 years. The sublease for Floor 2 was classified as an operating lease, and Floor 3 was classified as a finance lease. Consequently, the Group recognized a “net investment in the lease” for the sublease. The annual rent value was set at SAR 672 thousand plus Value Added Tax (VAT).

There was no material change in the balance of the investment in the finance lease as at June 30, 2024, and December 31, 2024, respectively.

5.11.6. Financial assets at fair value through other comprehensive income

The following table presents financial assets at fair value through other comprehensive income as of June 30, 2022, 2023, and 2024, as well as December 31, 2024.:

Table number (122): Financial Assets at Fair Value through Comprehensive Income									
(In Thousands of Riyals)	Country	Ownership share	As of 30 June			As of 31 December	Change percentage %		
			2022	2023	2024	2024	2022 - 2023	2023 - 2024	June 2024 - December 2024
Financial assets at fair value through other comprehensive income									
Sitech Inc.	Cayman Islands	3.28%	1,127	1,250	917	1,468	10.9%	(26.7%)	60.1%
US & Global Tech Opportunities Holding Company	Bahrain	0.74%	756	521	521	328	(31.2%)	0.0%	(37.0%)
Total			**1,884**	**1,771**	**1,437**	**1,796**	**(6.0%)**	**(18.8%)**	**25.0%**

Source: The financial statements for the financial years ended 30 June 2022, 30 June 2023, and 30 June 2024, and the interim condensed consolidated financial statements for the six-month period ended 31 December 2024.

During the year 2021, the Group invested SAR 1,127 thousand to purchase 1,394 shares in Sitech Inc., a company established under the laws of the Cayman Islands (Company No. VC-343497), with its registered office at 19 Walkers Road, P.O. Box 2677, Grand Cayman, KY1-1111, Cayman Islands. The business of Sitech Inc. includes technology development and consulting services, through which it will act as an incubator to build programs and products that are spun off into independent businesses partially or wholly owned by Sitech Inc. The Group's ownership stake is 3.28%.

Also, during the year 2021, the Group invested SAR 751 thousand to purchase 2,000 shares (0.74%) of US & Global Tech Opportunities Holding Company through GFH Financial Group B.S.C., P.O. Box 10006, Manama, Bahrain. The US & Global Tech Opportunities Holding Company is a collective investment instrument that invests in a portfolio of high-growth, next-generation technology companies. The total size of the collective investment instrument is USD 270 million.

The decrease in Financial Assets at Fair Value through Other Comprehensive Income (FVOCI) from SAR 1,884 thousand as at June 30, 2022, to SAR 1,771 thousand as at June 30, 2023, is due to a decrease in the fair value of the investment in the US & Global Tech Opportunities Holding Company. The decrease in Financial Assets at FVOCI continued to SAR 1,437 thousand as at June 30, 2024, as a result of a decrease in the fair value of the Group's investment in Sitech Inc.

5.11.7. Financial assets held at amortized cost

The following table presents financial assets at amortized cost as of June 30, 2022, 2023, and 2024, as well as December 31, 2024.:

Table number (123): Financial assets at amortized cost

(In Thousands of Riyals)	As of 30 June			As of 31 December	Change percentage %		
	2022	2023	2024	2024	2022 - 2023	2023 - 2024	June 2024 - December 2024
Financial assets held at amortized cost							
Investment in Sukuk- quoted	-	24,995	26,128	26,423	N/A	4.5%	1.1%
Investment in Sukuk- unquoted	-	-	5,057	10,152	N/A	N/A	100.7%
Total	-	24,995	31,185	36,575	N/A	24.8%	17.3%
Current	-	-	-	18,206	N/A	N/A	N/A
Non-Current	-	24,995	31,185	18,369	N/A	24.8%	(41.1%)

Source: The Financial Statements for the fiscal years ended June 30, 2022, June 30, 2023, and June 30, 2024, and the Condensed Consolidated Interim Financial Statements for the six-month period ended December 31, 2024.

The Group's investments in listed Sukuk amounted to SAR 24,995 thousand as at June 30, 2023, with a profit rate ranging from 4.4% to 4.8% per annum and various maturity dates ending in 2028. The Group's investments in these Sukuk increased to SAR 26,128 thousand as at June 30, 2024. The Group's investments in unlisted Sukuk, with a profit rate ranging from 4.8% to 8.4% per annum and various maturity dates ending in 2028, amounted to a total value of SAR 5,057 thousand as at June 30, 2024.

The balance of financial assets held at amortized cost increased from SAR 31,185 thousand as at June 30, 2024, to SAR 36,575 thousand as at December 31, 2024, as a result of an investment in unlisted Sukuk equivalent to SAR 5,094 thousand.

5.11.8. Financial assets at fair value through profit or loss

The following table details the movements in financial assets at fair value through profit or loss for the fiscal years ending June 30, 2022, 2023, and 2024, as well as the six-month period ending December 31, 2024.:

Table number (124): Movement on financial assets at fair value through profit or loss

(In Thousands of Riyals)	As of 30 June			As of 31 December	Change percentage %		
	2022	2023	2024	2024	2022 - 2023	2023 - 2024	June 2024 - December 2024
Financial assets at fair value through profit and loss							
At the beginning of the year/period	10,000	17,000	25,019	26,002	70.0%	47.2%	3.9%
Additions during the year/period	20,486	27,000	40,000	129,000	31.8%	48.1%	222.5%
Disposal during the year/period	(13,486)	(19,769)	(40,142)	(23,939)	46.6%	103.1%	(40.4%)
Change in fair value	-	789	1,125	1,655	N/A	42.6%	47.1%
At the end of the year/period	17,000	25,019	26,002	132,718	47.2%	3.9%	410.4%

Source: The financial statements for the financial years ended 30 June 2022, 30 June 2023, and 30 June 2024, and the interim condensed consolidated financial statements for the six-month period ended 31 December 2024.

The Group's financial assets at fair value through profit or loss represent an investment in a mutual fund through a brokerage firm affiliated with a local bank in the Kingdom of Saudi Arabia. The Group's objective is to benefit from price appreciation, efficiently manage short-term excess liquidity, and record any gain or loss in fair value in the statement of profit or loss.

The balance increased from SAR 17,000 thousand as at June 30, 2022, to SAR 26,002 thousand as at June 30, 2024, driven mainly by additions during the period and the change in fair value.

The balance of the Group's financial assets at fair value through profit or loss increased from SAR 26,002 thousand as at June 30, 2024, to SAR 132,718 thousand as at December 31, 2024. This was driven mainly by additions of SAR 129,000 thousand in investment funds through a local brokerage firm in the Kingdom of Saudi Arabia.

5.11.9. Due from related parties

The following table presents the amounts due from related parties as of June 30, 2022, 2023, and 2024, as well as December 31, 2024.:

Table number (125): Amounts due from related parties

(In Thousands of Riyals)	Relationship	As of 30 June			As of December 31	% Change		
		2022	2023	2024	2024	2022 - 2023	2023 - 2024	June 2024 - December 2024
Name of the related party and nature of outstanding balances								

Azm FinTech Company	Affiliate	179	0	0	0	(100.0%)	N/A	N/A
Azm Holding	Affiliate	0	35	0	0	N/A	(100.0%)	N/A
National Real Estate Platform Company (Aqarek)	**Affiliate**	**1,102**	**1,102**	**127**	**116**	**0.0%**	**(88.5%)**	**(8.8%)**
Total		**1,281**	**1,137**	**127**	**116**	**(11.2%)**	**(88.8%)**	**(8.8%)**

Source: The financial statements for the financial years ended 30 June 2022, 30 June 2023, and 30 June 2024, and the interim condensed consolidated financial statements for the six-month period ended 31 December 2024.

Related parties consist of shareholders, associate companies, key management personnel, members of the Board of Directors, and businesses that are directly or indirectly controlled or influenced by members of the Board of Directors or key management personnel. The Group has entered into several transactions with related parties during the ordinary course of business. These transactions were concluded according to the terms and conditions agreed upon by the Group's management or its Board of Directors.

Amounts due from related parties decreased from SAR 1,281 thousand as at June 30, 2022, to SAR 1,137 thousand as at June 30, 2023. This is mainly due to the settlement of amounts due to the Group from Azm Financial Technology Company.

Amounts due from related parties decreased from SAR 1,137 thousand as at June 30, 2023, to SAR 127 thousand as at June 30, 2024. This was a result of the settlement of amounts due from the National Real Estate Platform Company in exchange for additional shares in favor of the Group, valued at SAR 1,102 thousand.

There was no material change in the balance of receivables from related parties as at June 30, 2024, and December 31, 2024.

5.11.10. Contract assets

The following table presents contract assets as of June 30, 2022, 2023, and 2024, as well as December 31, 2024.:

Table number (126): Contract assets

(In Thousands of Riyals)	As of 30 June 30			As of 31 December	Change percentage %		
	2022	2023	2024	2024	2022 - 2023	2023 - 2024	June 2024 - December 2024
Contract assets							
Cost of contracts incurred	121,750	151,895	159,816	89,351	24.8%	5.2%	(44.1%)
Add: Recognized profit	30,811	38,474	57,822	35,282	24.9%	50.3%	(39.0%)
Total Revenue	**152,560**	**190,369**	**217,638**	**124,633**	**24.8%**	**14.3%**	**(42.7%)**
Invoices issued during the year/ period	**(148,922)**	**(194,107)**	**(168,319)**	**(159,792)**	**30.3%**	**(13.3%)**	**(5.1%)**
Contract liabilities	**9,911**	**24,691**	**33,856**	**71,213**	**149.1%**	**37.1%**	**110.3%**
Contract assets, total	**13,549**	**20,954**	**83,176**	**36,055**	**54.7%**	**297.0%**	**(56.7%)**
Less: Expected Credit Loss	**(106)**	**(415)**	**(482)**	**(268)**	**290.4%**	**16.1%**	**(44.4%)**
Total	**13,443**	**20,539**	**82,694**	**35,787**	**52.8%**	**302.6%**	**(56.7%)**

Source: The financial statements for the financial years ended 30 June 2022 and 30 June 2023, and management information for the financial periods ended 30 June 2024 and the six months ended 31 December 2024.

(In Thousands of Riyals)	As of 30 June			As of 31 December	Change percentage %		
	2022	2023	2024	2024	2022 - 2023	2023 - 2024	June 2024 - December 2024
Contract assets							
Contract No. 1	0	0	1,974	7,363	N/A	N/A	273.0%
Contract No. 2	1,141	3,649	5,554	5,554	219.7%	52.2%	(0.0%)
Contract No. 3	0	0	700	3,697	N/A	N/A	428.4%
Contract No. 4	0	0	0	3,489	N/A	N/A	N/A
Contract No. 5	0	1,338	7,787	3,601	N/A	481.9%	(53.8%)
Total	1,141	4,987	16,015	23,705	337.0%	221.1%	48.0%
Other Contracts	12,408	15,967	67,161	12,350	28.7%	320.6%	(81.6%)
Expected Credit Loss	(106)	(415)	(482)	(268)	290.4%	16.1%	(44.4%)
Total Contracts	13,443	20,539	82,694	35,787	52.8%	302.6%	(56.7%)

Source: Management Information.

Contract assets relate primarily to the Group's rights to consideration for work completed but not yet invoiced at the reporting date. Contract assets are transferred to receivables when the rights become unconditional. This usually occurs when the Group invoices the customer.

Contract assets increased from SAR 13,443 thousand as at June 30, 2022, to SAR 82,694 thousand as at June 30, 2024. This is mainly attributable to the growth in the Group's revenue and business volume.

Contract assets decreased from SAR 82,694 thousand as at June 30, 2024, to SAR 35,787 thousand as at December 31, 2024. This is due to the invoicing of contract asset balances for government and semi-governmental projects during the period. In addition, contract liabilities increased as a result of receiving advance payments for a number of projects with government entities.

5.11.11. Trade receivables

The following table provides details of trade receivables as of June 30, 2022, 2023, and 2024, as well as December 31, 2024:

Table number (127): Details of trade receivables

(In Thousands of Riyals)	As of 30 June			As of 31 December	Change percentage %		
	2022	2023	2024	2024	2022 - 2023	2023 - 2024	June 2024 - December 2024
Trade receivables							
Trade debtors	12,401	25,586	36,941	30,898	106.3%	44.4%	(16.4%)
Minus: Expected credit losses	(1,198)	(1,667)	(2,518)	(3,782)	39.1%	51.1%	50.2%
Total	11,203	23,920	34,423	27,116	113.5%	43.9%	(21.2%)

Source: The financial statements for the financial years ended 30 June 2022, 30 June 2023, and 30 June 2024, and the interim condensed consolidated financial statements for the six-month period ended 31 December 2024.

Trade receivables include the net non-commission amounts due from customers who do not have a credit rating. Based on past experience, all receivables that are not impaired are expected to be collected. It is not the Group's policy to obtain collateral for receivables, and therefore, most are unsecured.

Net trade receivables increased by 113.5% from SAR 11,203 thousand as at June 30, 2022, to SAR 23,920 thousand as at June 30, 2023. This is mainly due to the increase in the Group's revenues during the year, equivalent to SAR 37,809 thousand.

Net trade receivables increased by 43.9% to reach SAR 34,423 thousand as at June 30, 2024. This is mainly due to the Group's business growth during the year.

Net trade receivables decreased by 21.2% from SAR 34,423 thousand as at June 30, 2024, to SAR 27,116 thousand as at December 31, 2024. This is due to an improvement in the collection process during the period.

The following table shows the risks related to receivables based on the Group's provision matrix. As the Group's past credit losses do not show a materially different loss pattern for different customer segments, the expected credit loss (ECL) provision, based on past-due status, is not distinguished between the Group's various customer types.

Table number (128): Risks Related to trade receivables

(In Thousands of Riyals)	Total book value as of 30 June			Total book value as of 31 December	Expected Credit Loss Rate % as of June			Expected Credit Loss Rate % as of December	Expected credit losses as of June			Expected credit losses as of December
	2022	2023	2024	2024	2022)	2023	2024	2024	2022	2023	2024	2024 (unaudited)
Current	2,235	17,078	12,959	15,786	0.3%	1.5%	0.6%	0.7%	6	253	74	118
1 – 90 days	5,941	4,508	17,057	8,664	1.3%	4.8%	1.2%	1.4%	77	218	198	121
91 – 180 days	1,420	946	1,392	664	5.3%	8.6%	6.6%	9.4%	75	81	92	62
180 – 270 days	2,355	2,492	1,429	173	25.0%	25.0%	14.9%	19.9%	589	623	213	34
271-365 days	0	382	3,065	1,351	50.0%	81.4%	40.0%	38.8%	0	311	1,225	525
More than 365 days	450	180	1,038	4,260	100.0%	100.0%	69.0%	68.6%	450	180	717	2,922
Total	12,401	25,586	36,941	30,898					1,198	1,667	2,518	3,782

Source: Audited financial statements for the financial years ended 30 June 2022, 30 June 2023 and 30 June 2024 and management information for the six months ended 31 December 2024.

5.11.12. Prepaid amounts / Advance Payments and other current assets

The following table presents prepaid amounts and other current assets as of June 30, 2022, 2023, and 2024, as well as December 31, 2024. 2024:

Table number (129): Prepaid amounts / advance payments and other current assets							
(In Thousands of Riyals)	As of 30 June			As of 31 December	Change percentage %		
	2022	2023	2024	2024	2022 - 2023	2023 - 2024	June 2024 - December 2024
Advance payments and other current assets							
Margin against bank guarantees	8,401	8,527	10,451	10,343	1.5%	22.6%	(1.0%)
Prepaid expenses	2,015	914	813	913	(54.6%)	(11.1%)	12.3%
Advance against investment	900	900	900	1,650	0.0%	0.0%	83.3%
Employee's loan and advances	382	267	898	1,007	(30.1%)	236.2%	12.1%
Other	717	198	450	793	(72.3%)	126.7%	76.3%
Total	12,415	10,807	13,512	14,706	(13.0%)	25.0%	8.8%

Source: Audited financial statements for the financial years ended 30 June 2022, 30 June 2023 and 30 June 2024 and management information for the six months ended 31 December 2024.

Prepayments and other current assets decreased from SAR 12,415 thousand as at June 30, 2022, to SAR 10,807 thousand as at June 30, 2023. This is mainly due to a decrease in prepaid expenses and other advance payments by a value of SAR 1,101 thousand and SAR 519 thousand, respectively.

Prepayments and other current assets increased to reach SAR 13,512 thousand as at June 30, 2024. This is mainly due to an increase in the balance of margin against bank guarantees by an equivalent of SAR 1,924 thousand during the year, in addition to an increase in employee advances and other advance payments by a value of SAR 631 thousand and SAR 252 thousand, respectively, during the year.

Prepayments and other current assets increased from SAR 13,512 thousand as at June 30, 2024, to SAR 14,706 thousand as at December 31, 2024. This was a result of an increase in advance payments regarding an investment, equivalent to SAR 750 thousand, for the acquisition of shares in a Saudi company.

5.11.13. Cash and cash equivalents

The following table shows the cash and cash equivalent as of June 30, 2022, 2023 and 2024 and December 2024:

Table number (130): Cash and cash equivalents							
(In Thousands of Riyals)	As of 30 June			As of 31 December	Change percentage %		
	2022	2023	2024	2024	2022 - 2023	2023 - 2024	June 2024 - December 2024
Cash and cash equivalent							
Cash at banks	27,222	27,595	11,957	16,698	1.4%	(56.7%)	39.6%
Total balances with banks	27,222	27,595	11,957	16,698	47.6%	52.1%	30.0%

Source: The Financial Statements for the fiscal years ended June 30, 2022, June 30, 2023, and June 30, 2024, and the Condensed Consolidated Interim Financial Statements for the six-month period ended December 31, 2024.

The balance of cash and cash equivalents remained stable as at June 30, 2023, compared to the closing balance as at June 30, 2022.

The balance of cash and cash equivalents decreased by SAR 15,638 thousand to reach SAR 11,957 thousand as at June 30, 2024, driven by net cash used in investing and financing activities, equivalent to SAR 4,851 thousand and SAR 12,357 thousand, respectively, during the year. This was partially offset by net cash generated from operating activities, equivalent to SAR 1,571 thousand during the year.

The balance of cash and cash equivalents increased by a value of SAR 4,741 thousand from SAR 11,957 thousand as at June 30, 2024, to SAR 16,698 thousand as at December 31, 2024. This is due to an increase in cash flows generated from operating activities, which was partially offset by an increase in net cash used in investing activities.

5.11.14. Employees' defined benefit liabilities

The company applies a defined benefit plan that complies with the requirements of the labor law in the Kingdom of Saudi Arabia. Payments for defined benefit obligations for employees under the plan are calculated based on the employees' final salaries and allowances and their accumulated years of service at the date of their service termination, as specified in the provisions of the labor law in the Kingdom of Saudi Arabia. The defined benefit obligation plans are unfunded, and the obligation to pay benefits is met as it falls due upon termination of service. The latest valuation of the defined benefit obligations was conducted using the Projected Unit Credit Method by an independent actuary as at December 31, 2024, which arose from the end-of-service benefits for eligible active employees.

Defined benefit obligations for employees increased from SAR 3,663 thousand as at June 30, 2022, to SAR 5,028 thousand as at June 30, 2024. This is attributable to an increase in the number of employees.

Defined benefit obligations for employees increased from SAR 5,028 thousand as at June 30, 2024, to SAR 6,234 thousand as at December 31, 2024. This is mainly due to an increase in the number of employees.

5.11.15. Long- and short-term loans

The following table illustrates the movement of long-term and short-term loan balances during the years ended June 30, 2022, 2023, and 2024, as well as the six-month period ending December 31, 2024:

Table number (131): Movement of Long- and Short-term Loan Balances

(In Thousands of Riyals)	As of 30 June			As of 31 December	Change percentage %		
	2022	2023	2024	2024	2022 - 2023	2023 - 2024	June 2024 - December 2024
Long- and short-term loans							
Balance at the beginning of the year/period	11,709	2,013	8,245	SAR 11,179	(82.8%)	309.7%	35.6%
Payments during the year/ period	(9,696)	(2,013)	(2,429)	(8,846)	(79.2%)	20.7%	264.3%
Additions during the year/ period	0	8,245	5,000	0	N/A	(39.4%)	(100.0%)
Interest charged during the year/period	0	0	363	172	N/A	N/A	(52.6%)

Balance at year/period end	2,013	8,245	11,179	2,505	309.7%	35.6%	(77.6%)
Current liabilities	2,013	4,640	11,179	2,505	130.5%	141.0%	(77.6%)
Non-current liabilities	0	3,605	0	-	N/A	(100.0%)	N/A

Source: The Financial Statements for the fiscal years ended June 30, 2022, June 30, 2023, and June 30, 2024, and management information for the six-month period ended December 31, 2024.

During the fiscal year ended June 30, 2021, the Group entered into an agreement to obtain long- and short-term loans from two local commercial banks and a finance company in the Kingdom of Saudi Arabia, in the form of Murabaha contract facilities amounting to SAR 65,300 thousand, compared to SAR 2,000 thousand during the fiscal year ended June 30, 2022, at variable commission rates. These loans are secured by personal guarantees from shareholders and by promissory notes. This loan was fully repaid as at December 31, 2022.

The Group entered into an agreement to obtain long- and short-term loans from a finance company and the Social Development Bank in the Kingdom of Saudi Arabia for a value of SAR 8,500 thousand at variable commission rates. These loans are secured by personal guarantees from shareholders and by promissory notes. The balance of this loan amounted to SAR 8,206 thousand and SAR 6,095 thousand as at June 30, 2023, and June 30, 2024, respectively.

The Group also entered into an agreement to obtain a short-term loan from the Saudi Awwal Bank (SAB) in the Kingdom of Saudi Arabia for a value of SAR 5,000 thousand at variable commission rates, to meet working capital requirements. This loan is secured by personal guarantees from shareholders and by promissory notes. The balance of this loan amounted to SAR 5,085 thousand as at June 30, 2024.

The balances of long- and short-term loans decreased from SAR 11,179 thousand as at June 30, 2024, to SAR 2,505 thousand as at December 31, 2024. This is mainly due to payments of SAR 2,505 thousand during the period.

5.11.16. Lease Liabilities

The following table presents lease liabilities as of June 30, 2022, 2023, and 2024, as well as December 31, 2024.:

Table number (132): Lease Liabilities Balances

(In Thousands of Riyals)	As of 30 June			As of 31 December	Change percentage %		
	2022	2023	2024	2024	2022 - 2023	2023 - 2024	June 2024 - December 2024
Lease liabilities							
Non-Current	10,867	9,336	19,774	19,396	(14.1%)	111.8%	(1.9%)
Current	2,252	2,252	4,326	5,452	0.0%	92.1%	26.0%
Total	13,119	11,588	24,101	24,848	(11.7%)	108.0%	3.1%

Source: The Financial Statements for the fiscal years ended June 30, 2022, June 30, 2023, and June 30, 2024, and the Condensed Consolidated Interim Financial Statements for the six-month period ended December 31, 2024.

The Group has operating and finance leases primarily related to the Group's head office building, which is leased from the Real Estate Projects Fund Company under an agreement concluded between the two parties as at June 30, 2022. Additionally, there is an operating lease contract related to the administrative office of Azm Tajrubah for Information Technology Company (AZM X), leased from the Real Estate Management Company under a contract concluded between the two parties as at May 4, 2024.

Lease liabilities increased from SAR 13,119 thousand as at June 30, 2022, to SAR 24,101 thousand as at June 30, 2024. This is mainly due to the Group leasing the three-story head office building for a period of 8 years, in addition to the lease of a three-story administrative office for a period of 10 years by Azm Tajrubah for Information Technology Company (AZM X). Accordingly, the company was required to recognize lease liabilities in accordance with IFRS 16. The company also subleased the second and third floors of the head office building during the same month to different lessees. The second floor was subleased for two years, while the third floor was subleased for 8 years. Consequently, the sublease for the second floor was classified as an operating lease, while the sublease for the third floor was classified as a finance lease.

There has been no significant change in the balance of lease liabilities as of June 30, 2024, and December 31, 2024.

5.11.17. Accrued Expenses and Other Liabilities

The following table presents accrued expenses and other liabilities as of June 30, 2022, 2023, and 2024, as well as December 31, 2024.:

Table number (133): Accrued Expenses and Other Liabilities

(In Thousands of Riyals)	As of 30 June			As of 31 December	Change percentage %		
	2022	2023	2024	2024	2022 - 2023	2023 - 2024	June 2024 - December 2024
Other receivables and liabilities							
Accrued expenses	10,588	18,577	41,944	35,645	75.5%	125.8%	(15.0%)
VAT payable	1,448	5,237	1,903	4,151	261.6%	(63.7%)	118.1%
Lease received in advance	1,363	1,071	808	689	(21.4%)	(24.5%)	(14.8%)
Retention payable	433	433	0	0	0.0%	(100.0%)	N/A
Security deposit	115	115	115	115	0.0%	0.0%	0.0%
Withholding tax payable	350	81	74	24	(77.0%)	(7.5%)	(67.8%)
Other	0	183	5	4,171	N/A	(97.3%)	85,519.3%
Total	14,297	25,697	44,851	44,795	79.7%	74.5%	(0.1%)
Current	13,111	24,773	44,158	44,206	89.0%	78.3%	0.1%
Non-Current	1,187	924	692	589	(22.1%)	(25.1%)	(14.9%)

Source: The Financial Statements for the fiscal years ended June 30, 2022, June 30, 2023, and June 30, 2024, and management information for the six-month period ended December 31, 2024.

Accrued expenses and other liabilities increased from SAR 14,297 thousand as at June 30, 2022, to SAR 25,697 thousand as at June 30, 2023. This is mainly due to an increase in accrued expenses and accrued value-added tax for the Group by a value of SAR 7,989 thousand and SAR 3,972 thousand, respectively.

Accrued expenses and other liabilities increased to reach SAR 44,851 thousand as at June 30, 2024. This is mainly due to an increase in accrued expenses by SAR 23,368 thousand during the year, resulting from a rise in accrued expenses and bonuses for employees. This was offset by a decrease in accrued value-added tax by SAR 3,512 thousand during the year.

There was no material change in the balance of accrued expenses and other liabilities as at June 30, 2024, and December 31, 2024. Accrued expenses decreased by an equivalent of SAR 6,299 thousand, which was offset by an increase in value-added tax payable by an equivalent of SAR 2,248 thousand and an increase in other liabilities by an equivalent of SAR 4,166 thousand (which includes an amount of SAR 2,900 thousand related to dividends payable).

5.11.18. Contract Liabilities

The following table presents contract liabilities as of June 30, 2022, 2023, and 2024, as well as December 31, 2024:

Table number (134): Contract Liabilities Balances

(In Thousands of Riyals)	As of 30 June			As of 31 December	Change percentage %		
	2022	2023	2024	2024	2022 - 2023	2023 - 2024	June 2024 - December 2024
Contract liabilities							
Contract liabilities	9,911	24,691	33,856	71,213	149.1%	37.1%	110.3%
Total	9,911	24,691	33,856	71,213	149.1%	37.1%	110.3%

Source: The Financial Statements for the fiscal years ended June 30, 2022, June 30, 2023, and June 30, 2024, and the Condensed Consolidated Interim Financial Statements for the six-month period ended December 31, 2024.

(In Thousands of Riyals)	As of 30 June			As of 31 December	Change percentage %		
	2022	2023	2024	2024	2022 - 2023	2023 - 2024	June 2024 - December 2024
Contract liabilities							
Contract No. 1	0	0	0	9,855	N/A	N/A	N/A
Contract No. 2	0	0	10,252	7,905	N/A	N/A	(22.9%)
Contract No. 3	0	0	0	5,982	N/A	N/A	N/A
Contract No.4	1,304	0	6,591	5,311	(100.0%)	N/A	(19.4%)
Contract No. 5	0	2,724	0	3,923	N/A	(100.0%)	N/A
Total	1,304	2,724	16,843	32,975	108.8%	518.4%	95.8%
Other Contracts	8,607	21,967	17,013	38,239	155.2%	(22.6%)	124.8%
Total Contracts	9,911	24,691	33,856	71,213	149.1%	37.1%	110.3%

Source: Management Information.

Contract liabilities continuously increased from SAR 9,911 thousand as at June 30, 2022, to SAR 24,691 thousand as at June 30, 2023, and to SAR 33,856 thousand as at June 30, 2024. This was driven mainly by an increase in contract liabilities from consulting and proprietary technologies during the period.

Contract liabilities increased from SAR 33,856 thousand as at June 30, 2024, to SAR 71,213 thousand as at December 31, 2024. This was mainly a result of receiving advance payments for several projects with government and semi-governmental entities.

5.11.19. Zakat and income tax provision

The following table illustrates the movement of zakat and income tax provisions for the fiscal years ending June 30, 2022, 2023, and 2024, as well as the six-month period ending December 31, 2024.:

Table number (135): Movement of Zakat and income tax provision							
(In Thousands of Riyals)	As of 30 June			As of 31 December	Change percentage %		
	2022	2023	2024	2024	2022 - 2023	2023 - 2024	June 2024 - December 2024
Zakat and income tax provision							
At the beginning of the year / period	941	1,581	2,487	4,421	68.0%	57.3%	77.8%
Charged during the year/ period	1,393	1,636	3,060	1,939	17.4%	87.1%	(36.6%)
Paid during the year/period	(753)	(730)	(1,125)	(1,850)	(3.0%)	54.2%	64.4%
At the end of the year/period	**1,581**	**2,487**	**4,421**	**4,510**	**57.3%**	**77.8%**	**2.0%**

Source: The Financial Statements for the fiscal years ended June 30, 2022, June 30, 2023, and June 30, 2024, and the Condensed Consolidated Interim Financial Statements for the six-month period ended December 31, 2024.

The company is subject to Zakat. The main components of the Zakat base consist of shareholders' equity, provisions at the beginning of the year, adjusted net income, less the net book value of property and equipment and other specified items.

The Zakat provision balance increased by 57.3%, or the equivalent of SAR 906 thousand, from SAR 1,581 thousand as at June 30, 2022, to SAR 2,487 thousand as at June 30, 2023. This is due to the Group's positive financial performance, as it achieved a net profit of SAR 19,095 thousand and SAR 23,967 thousand during the fiscal years ended June 30, 2022, and 2023, respectively.

The Zakat and income tax provision balance also increased as at June 30, 2024, to reach SAR 4,421 thousand, driven by the continued positive financial performance of the Group and the achievement of a net profit of SAR 30,163 thousand during the year.

The Zakat and income tax provision balance amounted to SAR 4,510 thousand as at December 31, 2024.

The Group has filed its Zakat returns with the Zakat, Tax and Customs Authority ("ZATCA") up to the fiscal year ended June 30, 2024, and is still awaiting the final Zakat assessments.

5.11.1. Due to related parties

The following table presents the amounts payable to related parties as of June 30, 2022, 2023, and 2024, as well as December 31, 2024. 2024:

Table number (136): Amounts Due to Related Parties								
(In Thousands of Riyals)	Relationship	As of 30 June			As of December 31	% Change		
		2022	2023	2024	2024	2022 - 2023	2023 - 2024	June 2024 - December 2024
Name of the related party and nature of outstanding balances								
Azm FinTech Company	Affiliate	0	8,484	2,343	12,309	N/A	(72.4%)	425.4%
Azm Holding	Affiliate	0	0	0	1,140	N/A	N/A	N/A
National Real Estate Platform Company (Aqarek)	Affiliate	0	54	1,813	2,428	N/A	3264.2%	33.9%
Total		0	8,538	4,156	15,877	N/A	(51.3%)	282.0%

Source: The Financial Statements for the fiscal years ended June 30, 2022, June 30, 2023, and June 30, 2024, and the Condensed Consolidated Interim Financial Statements for the six-month period ended December 31, 2024.

Amounts due to related parties decreased by 51.3%, equivalent to SAR 4,381 thousand, from SAR 8,538 thousand as at June 30, 2023, to SAR 4,156 thousand as at June 30, 2024. This is mainly due to the settlement of part of the amounts due from the Group to Azm Financial Technology Company during the year.

Amounts due to related parties increased by 282.0%, equivalent to SAR 11,721 thousand, from SAR 4,156 thousand as at June 30, 2024, to SAR 15,877 thousand as at December 31, 2024. This was a result of an increase in amounts due to Azm Financial Technology Company and the Machine Learning for Information Technology Company due to expenses paid/incurred on behalf of the company.

The following table shows the details of transactions with related parties for the fiscal years ended June 30, 2022, 2023, and 2024, and for the six-month period ended December 31, 2024, with comparative figures for the six-month period ended December 31, 2023:

Table number (137): Transactions with Related Parties

(In Thousands of Riyals)	Nature of significant transactions	Fiscal year ending 30 June			Six months period ending 31 December	
		2022	2023	2024	2023	2024
Name of the related party and nature of outstanding balances						
Azm FinTech Company	Revenue/income from a sister company	6,880	4,561	2,582	2,916	1,531
	Expenses paid/incurred by a sister company on behalf of the company	21,824	28,464	14,847	29,894	10,499
	Expenses paid/incurred by the company on behalf of a sister company	0	1,439	2,088	1,971	1,621
Etmam Consulting Company	Revenue from a sister company	0	15,895	0	0	0
	Expenses paid/incurred by a sister company on behalf of the company	0	265	0	0	0
Azm Digital Company for Communications and Information Technology	Revenue from a sister company	0	0	414	195	268
	Expenses paid/incurred by a sister company on behalf of the company	0	0	16,031	1,593	24,392
	Expenses paid/incurred by the company on behalf of a sister company	0	0	151	3,546	673
Azm Development Private Company Ltd.	Expenses paid/incurred by a sister company on behalf of the company	0	0	376	0	0
National Real Estate Platform Company	Expenses paid/incurred by the Company on behalf of an associate	0	0	1,155	526	0
	Convert to Investment	0	0	1,102	1,102	233
Business Development Mine Company	Revenue from a sister company	1,145	454	0	0	0
	Expenses paid/incurred by a sister company on behalf of the company	436	236	0	0	0
Future Telecom Company for Communications and Information Technology	Revenue from a sister company	0	66	73	297	48
	Expenses paid/incurred by the company on behalf of a sister company	0	0	416	0	0

Machine Learning Company for Information Technology	Investing in an associate	0	0	0	0	2,813
	Expenses paid/incurred by a sister company on behalf of the company	0	0	0	0	1,482
	Expenses paid/incurred by the Company on behalf of an associate	0	0	0	0	248
Azm Private Development Company Ltd.	Expenses paid/incurred by a sister company on behalf of the company	0	0	0	375	0
	Expenses paid/incurred by the company on behalf of a sister company	0	0	0	757	0

Source: The Financial Statements for the fiscal years ended June 30, 2022, June 30, 2023, and June 30, 2024, and the Condensed Consolidated Interim Financial Statements for the six-month period ended December 31, 2024.

5.11.21. Trade payables

The Group's trade payables relate to the amounts due to the Group's suppliers.

Trade payables decreased by 70.9% from SAR 11,193 thousand as at June 30, 2022, to SAR 3,252 thousand as at June 30, 2023. This was a result of paying supplier dues corresponding to the trade receivables collected during the year.

Trade payables increased by 592.8% to SAR 22,529 thousand as at June 30, 2024, driven by the increased requirements of the Group's new projects during the year.

There was no material change in the balance of trade payables as at June 30, 2024, and December 31, 2024.

5.11.22. Equity

The following table presents the details of equity as of 30 June 2022, 2023, and 2024, and 31 December 2024:

Table number (138): Equity Details

(In Thousands of Riyals)	As of 30 June			As of 31 December	Change percentage %		
	2022	2023	2024	2024	2022 - 2023	2023 - 2024	June 2024 - December 2024
Property Rights							
Capital	30,000	30,000	30,000	30,000	0.0%	0.0%	0.0%
Treasury Shares	0	(7,244)	(16,609)	(16,381)	N/A	129.3%	(1.4%)
Statutory reserve	3,616	5,924	0	0	63.8%	(100.0%)	N/A
Retained earnings	18,220	39,246	74,099	91,899	115.4%	88.8%	24.0%
Share based payment reserve	0	495	955	14,471	N/A	92.7%	1416.0%
Equity attributable to equity holders of the company	51,836	68,421	88,444	119,988	32.0%	29.3%	35.7%
Non-controlling interest	(15)	860	3,103	765	(5670.2%)	260.8%	(75.3%)
Total Equity	51,820	69,281	91,547	120,753	33.7%	32.1%	31.9%

Source: The Financial Statements for the fiscal years ended June 30, 2022, June 30, 2023, and June 30, 2024, and the Condensed Consolidated Interim Financial Statements for the six-month period ended December 31, 2024.

Capital

The Group's share capital amounts to SAR 30 million, divided into 60 million issued and fully paid shares, with a par value of SAR 0.5 per share.

During the year in which the company's Extraordinary General Assembly meeting was held on Dhul-Qa'dah 29, 1444H (corresponding to June 18, 2023), the shareholders approved a change in the par value of the shares. The par value was adjusted from SAR 10 to SAR 0.5, which resulted in a stock split and an increase in the number of shares from 3 million shares to 60 million shares.

Treasury stock

On 01/08/2022 (corresponding to 03/01/1444 AH), the General Assembly (Non-Ordinary Session) approved the recommendation of the Board of Directors, issued on 19/06/2022 (corresponding to 20/11/1443 AH), to repurchase a maximum of 100,000 shares as treasury stock for the purpose of allocating shares to employees under the Employee Stock Program. The purchase was financed from the company's own resources. The company will retain the purchased shares for a maximum period of five (5) years until they are allocated to eligible employees.

(*) Initially, 100,000 treasury shares were authorized prior to the stock split, from a nominal value of 10 Riyals to a nominal value of 0.5 Riyals, resulting in a total of 2,000,000 shares after the split, corresponding to the approved number of treasury shares to be purchased.

On 16/09/2022 (corresponding to 24/09/1445 AH), the Board of Directors approved the Employee Stock Program, which was also approved by the Non-Ordinary General Assembly on 01/08/2022 (corresponding to 03/01/1444 AH).

On 05/03/2024 (corresponding to 24/09/1445 AH), the General Assembly (Non-Ordinary Session) approved the recommendation of the Board of Directors, issued on 05/03/2024 (corresponding to 24/08/1445 AH), pursuant to the Board's resolution No. (05-04-24), approved during a physical meeting held on 26/03/2024 (corresponding to 16/09/1445 AH). The approval authorized the company to purchase up to 1,000,000 shares as treasury stock for a maximum amount of 20,000,000 Riyals to be allocated to employees under the Employee Stock Program. The purchase was funded from the company's internal resources. The company will hold these shares for up to five (5) years until they are allocated to eligible employees. It is noteworthy that this program is a continuation of the program developed in 2022.

Based on the above decisions, the company purchased 1,913,708 shares, distributed 812,300 shares to 107 employees under the Employee Stock Program, and as of the Shareholders Register dated 18/05/2025, the remaining 1,101,408 shares are held as treasury stock, representing approximately 1.836% of the company's total shares.

Several employees engaged in buying and selling transactions of the company's shares. As of the latest Shareholders Register dated 18 May 2025, there are 99 employees holding shares under the Employee Stock Program, with a total ownership of 1,342,723 shares. Additionally, eight employees who previously owned shares through the program have sold their holdings. Moreover, four employees from affiliated companies (Al-Akra Group) hold a total of 8,000 shares under the program. Currently, there are 101 employees owning shares; two of them hold shares personally outside the program, and 99 employees hold their shares within the program.

The company designed the Employee Stock Program in accordance with the Companies Law, the Capital Market Law, and their implementing regulations. The program aims to attract, motivate, and retain key employees responsible for achieving the group's goals and strategies, to foster a culture of excellence, belonging, and loyalty, and to attract top talent to enable the company to realize its future vision. The program links incentives to the company's annual performance.

The program provides an equity-based compensation plan for eligible participating employees by granting them shares in the company upon completion of their service period. The group considers the equity-based compensation plan as an equity settlement plan.

Statutory reserve

In accordance with the company's bylaws and the Companies Law in the Kingdom of Saudi Arabia, the company must transfer 10% of the year's profits to the statutory reserve until it reaches at least 30% of its capital.

The General Assembly, in its extraordinary meeting held on Ramadan 24, 1445H (corresponding to April 3, 2024), approved the transfer of the statutory reserve balance, amounting to SAR 5,924 thousand, to retained earnings.

Retained earnings

Retained earnings increased by a value of SAR 21,026 thousand, from SAR 18,220 thousand as at June 30, 2022, to SAR 39,246 thousand as at June 30, 2023. Retained earnings then experienced an increase of SAR 34,853 thousand to reach SAR 74,099 thousand as at June 30, 2024, driven by the profit realized during the period.

Retained earnings increased by a value of SAR 17,800 thousand from SAR 74,099 thousand as at June 30, 2024, to SAR 91,899 thousand as at December 31, 2024, driven by the profit realized during the period.

5.11.23. Contingent liabilities

The Group's contingent liabilities relate to bank guarantees, which increased from SAR 21,704 thousand as of 30 June 2022 to SAR 25,732 thousand and SAR 40,573 thousand as of 30 June 2023 and 30 June 2024, respectively. As of 31 December 2024, the contingent liabilities amounted to SAR 32,213 thousand.

5.12. Cash Flow Statement

The following table presents a summary of the statement of cash flows for the fiscal years ended 30 June 2022, 2023, and 2024, as well as for the six-month period ended 31 December 2024, along with the comparative figures for the six-month period ended 31 December 2023.:

Table number (139): Summary of the Statement of Cash Flows

(In Thousands of Riyals)	Fiscal year ending 30 June			Six months period ending 31 December		Change percentage %		
	2022	2023	2024	2023	2024	2022 - 2023	2023 - 2024	December 2023 - December 2024
Net cash flows from operating activities	32,192	33,238	1,571	13,704	130,611	3.2%	(95.3%)	853.1%
Net cash used in investment activities	(8,297)	(25,712)	(4,851)	(22,904)	(115,798)	209.9%	(81.1%)	405.6%
Net cash used in financing activities	(10,343)	(7,153)	(12,357)	(2,163)	(10,072)	(30.8%)	72.8%	365.6%
Net change in cash balance and cash equivalents	13,552	374	(15,638)	(11,363)	4,741	(97.2%)	(4285.3%)	(141.7%)
Cash and cash equivalents at the beginning of the year/ period	13,669	27,222	27,595	27,595	11,957	99.1%	1.4%	(56.7%)

Cash balance and cash equivalents at the end of the year/period	27,222	27,595	11,957	16,232	16,698	1.4%	(56.7%)	2.9%

Source: The Financial Statements for the fiscal years ended June 30, 2022, June 30, 2023, and June 30, 2024, and the Condensed Consolidated Interim Financial Statements for the six-month period ended December 31, 2024.

Cash and cash equivalents consist of the Group's cash balances at banks. The balance of cash at banks remained stable as at June 30, 2023, compared to the closing balance as at June 30, 2022.

Cash and cash equivalents decreased by a value of SAR 15,638 thousand to reach SAR 11,957 thousand as at June 30, 2024. This was driven by net cash used in investing and financing activities, equivalent to SAR 4,851 thousand and SAR 12,357 thousand, respectively, during the year. This was partially offset by net cash generated from operating activities, equivalent to SAR 1,571 thousand during the year.

There was no material change to the balance of cash and cash equivalents during the six-month period ended December 31, 2023, and the six-month period ended December 31, 2024, respectively.

5.12.1. Cash flows from operating activities

The following table presents the cash flows from operating activities for the fiscal years ended 30 June 2022, 2023, and 2024, as well as for the six-month period ended 31 December 2024, along with the comparative figures for the six-month period ended 31 December 2023:

Table number (140): Cash flows from operating activities

(In Thousands of Riyals)	Fiscal year ending 30 June			Six months period ending 31 December		Change percentage %		
	2022	2023	2024	2023	2024	2022 - 2023	2023 - 2024	December 2023 - December 2024
Operational activities								
Profit before zakat and income tax	20,487	25,603	33,222	15,666	19,994	25.0%	29.8%	27.6%
Adjustments to reconcile profit before zakat and income tax to net cash flows								
Depreciation of property and equipment	358	994	1,115	540	610	177.6%	12.2%	13.1%
Depreciation of right-of-use assets	438	1,223	1,467	611	1,402	179.1%	20.0%	129.3%
Amortization of intangible assets	297	-	-	0	36	N/A	N/A	N/A
Provision for defined benefit liabilities	2,135	2,663	2,329	1,455	2,334	24.7%	(12.5%)	60.4%
Provision for expected credit losses on trade receivables	637	468	852	130	1,050	(26.5%)	81.8%	705.4%
Provision for expected credit losses on contract assets	93	309	67	0	0	230.5%	(78.4%)	N/A
Loss from the disposal of property and equipment	(348)	-	0	0	0	N/A	N/A	N/A
Gain on disposal of right of use asset	(146)	-	-	0	0	N/A	N/A	N/A

Gain on disposal of investment in associate	(4,778)	(5,295)	-	0	0	10.8%	N/A	N/A
Change in fair value of financial assets at fair value through profit or loss	(441)	(789)	(1,125)	(329)	(1,655)	78.8%	42.6%	403.6%
Share of income from investment in an associate	(865)	(1,779)	(2,020)	(394)	(1,946)	105.7%	13.5%	393.5%
Cost of financing, net	690	1,165	1,536	1,031	1,545	68.8%	31.9%	49.9%
Expenses for share-based payments	-	495	647	0	13,234	N/A	30.6%	N/A
Financing income on assets held at amortized cost	-	-	(1,670)	(632)	(910)	N/A	N/A	44.0%
Rental income	0	(1,334)	(1,849)	(925)	(925)	N/A	38.6%	0.0%
Changes in operating assets and liabilities								
Trade receivables	21,967	(13,185)	(11,355)	(18,160)	6,043	(160.0%)	(13.9%)	(133.3%)
Contract assets	(9,596)	(7,405)	(62,222)	(2,714)	47,121	(22.8%)	740.3%	(1836.0%)
Advance payments and other current assets	(8,553)	1,352	(1,998)	(138)	(1,223)	(115.8%)	(247.8%)	785.0%
Due from/to related parties, net	8,689	9,733	(3,358)	(1,452)	11,793	12.0%	(134.5%)	(912.3%)
Trade payables	9,977	(7,941)	19,277	4,807	871	(179.6%)	(342.8%)	(81.9%)
Contract liabilities	(7,577)	14,780	9,165	14,717	37,357	(295.1%)	(38.0%)	153.8%
Accruals and other current liabilities	1,751	14,349	20,285	2,100	(2,996)	719.4%	41.4%	(242.7%)
Net cash generated from operations								
Employees' Defined benefits liabilities paid	(1,838)	(958)	(1,235)	(890)	(569)	(47.9%)	29.0%	(36.0%)
Zakat and income tax paid	(753)	(730)	(1,125)	(1,125)	(1,850)	(3.0%)	54.2%	64.4%
Finance cost paid	(430)	(479)	(434)	(593)	(706)	11.4%	(9.5%)	19.0%
Net cash flow from operating activities	32,192	33,238	1,571	13,704	130,611	3.2%	(95.3%)	853.1%

Source: Financial Statements for the financial years ended June 30, 2022, June 30, 2023, and June 30, 2024, and the Interim Condensed Consolidated Financial Statements for the six-month period ended December 31, 2024.

Net cash flows from operating activities increased by 3.2%, or the equivalent of SAR 1,046 thousand, from SAR 32,192 thousand during the financial year ended June 30, 2022, to SAR 33,238 thousand during the financial year ended June 30, 2023. This was mainly due to the increase in net profit before Zakat and income tax, driven by the rise in revenues from SAR 152,560 thousand during the financial year ended June 30, 2022, to SAR 170,829 thousand during the financial year ended June 30, 2023.

Net cash flows from operating activities decreased by 95.3%, or the equivalent of SAR 31,668 thousand, from SAR 33,238 thousand during the financial year ended June 30, 2023, to SAR 1,571 thousand during the financial year ended June 30, 2024. This was primarily due to an increase in contract assets and trade receivables by SAR 62,155 thousand and SAR 10,503 thousand, respectively, during the year. This was partially offset by an increase in accruals and other current liabilities by SAR 19,385 thousand, in addition to a rise in trade payables and contract liabilities by SAR 19,277 thousand and SAR 9,165 thousand, respectively, during the year.

Net cash flows from operating activities increased from SAR 13,704 thousand during the six-month period ended December 31, 2023, to SAR 130,611 thousand during the six-month period ended December 31, 2024. This is mainly attributable to the increase in cash flows resulting from the net movement in contract assets, trade receivables, and contract liabilities by SAR 49,836 thousand, SAR 24,203 thousand, and SAR 22,641 thousand, respectively.

5.12.2. Cash flows from investing activities

The following table presents the cash flows from investing activities for the fiscal years ended 30 June 2022, 2023, and 2024, as well as for the six-month period ended 31 December 2024, along with the comparative figures for the six-month period ended 31 December 2023:

Table number (141): Cash Flows from Investing Activities

(In Thousands of Riyals)	Fiscal year ending 30 June			Six months period ending 31 December		Change percentage %		
	2022	2023	2024	2023	2024	2022 - 2023	2023 - 2024	December 2023 - December 2024
Investment activities								
Additions to property and equipment	(7,068)	(1,094)	(756)	(355)	(1,298)	(84.5%)	(30.9%)	265.3%
Proceeds from the disposal of property and equipment	947	141	3	-	-	(85.1%)	(98.2%)	N/A
Additions to intangible assets	(472)	(335)	(1,952)	(56)	(3,727)	(29.0%)	482.4%	6517.2%
Additions to investment in an associate	(38)	-	-	0	(1,700)	N/A	N/A	N/A
Proceeds from the disposal of investment in an associate	4,892	5,548	-	0	0	13.4%	N/A	N/A
Purchase of financial assets held at amortized cost	-	(24,995)	(5,736)	(15,000)	(5,000)	N/A	(77.1%)	(66.7%)
Purchase of financial assets at fair value through profit or loss	(20,486)	(27,000)	(40,000)	(23,000)	(129,000)	31.8%	48.1%	460.9%
Proceeds from the disposal of financial assets at fair value through profit or loss	13,927	19,769	40,142	14,040	23,939	41.9%	103.1%	70.5%
Proceeds from financial assets at fair value through other comprehensive income	-	248	-	0	0	N/A	N/A	N/A
Proceeds from financial assets held at amortized cost	-	-	1,216	427	521	N/A	N/A	21.8%
Proceeds from investment in a finance lease	-	672	672	336	336	N/A	0.0%	0.0%
Rental income received	0	1,334	1,559	704	132	N/A	16.9%	(81.3%)
Net cash used in investment activities	(8,297)	(25,712)	(4,851)	(22,904)	(115,798)	209.9%	(81.1%)	405.6%

Source: The financial statements for the financial years ended June 30, 2022, June 30, 2023, and June 30, 2024, and the condensed consolidated interim financial statements for the six-month period ended December 31, 2024.

Net cash used in investing activities increased from SAR 8,297 thousand during the financial year ended June 30, 2022, to SAR 25,712 thousand during the financial year ended June 30, 2023. This increase is mainly due to the Group's investment in local sukuk (Islamic bonds) bearing profits at an average rate of 4.4% to 4.8% with maturities up to 2028, made during the financial year ended June 30, 2023. This is in addition to the Group's further investments in a mutual fund during the year, with the aim of benefiting from price movements, efficiently managing short-term excess liquidity, and recognizing any fair value gain or loss on these investments in the profit and loss account.

Net cash used in investing activities decreased by 81.1% from SAR 25,712 thousand during the financial year ended June 30, 2023, to SAR 4,851 thousand during the financial year ended June 30, 2024. This was a result of the decrease in the Group's investments in financial assets held at amortized cost and financial assets at fair value through profit or loss (FVTPL) during the year, compared to the financial year ended June 30, 2023.

Net cash used in investing activities increased by 405.6% from SAR 22,904 thousand during the six-month period ended December 31, 2023, to SAR 115,798 thousand during the six-month period ended December 31, 2024. This was a result of an increase in the Group's investments in financial assets at fair value through profit or loss by SAR 129,000 thousand during the six-month period ended December 31, 2024. This was partially offset by proceeds from the disposal of financial assets at fair value through profit or loss amounting to SAR 23,939 thousand.

5.12.3. Cash flows from financing activities

The following table presents the cash flows from financing activities for the fiscal years ended 30 June 2022, 2023, and 2024, as well as for the six-month period ended 31 December 2024, along with the comparative figures for the six-month period ended 31 December 2023:

Table number (142): Cash Flows from Financing Activities

(In Thousands of Riyals)	Fiscal year ending 30 June			Six months period ending 31 December		Change percentage %		
	2022	2023	2024	2023	2024	2022 - 2023	2023 - 2024	December 2023 - December 2024
Financing activities								
Non-controlling interests resulting from an acquisition	(6)	-	-	0	(100)	N/A	N/A	N/A
Purchase of treasury shares	0	(11,133)	(12,006)	0	0	N/A	7.8%	N/A
Repayment of principal of long-term loan	(9,657)	(2,013)	(2,150)	(1,037)	(8,846)	(79.2%)	6.8%	752.7%
Addition to short-term/ long-term loans	-	8,245	5,000	0	0	N/A	(39.4%)	N/A
Security deposits received	115	-	-	0	0	N/A	N/A	N/A
Principal element of lease payments	(796)	(1,531)	(2,137)	(673)	(724)	92.4%	39.6%	7.6%
Interest element of lease payment	-	(721)	(1,063)	(453)	(402)	N/A	47.4%	(11.3%)
Net cash used in financing activities	(10,343)	(7,153)	(12,357)	(2,163)	(10,072)	(30.8%)	72.8%	365.6%

Source: The financial statements for the financial years ended June 30, 2022, June 30, 2023, and June 30, 2024, and the condensed consolidated interim financial statements for the six-month period ended December 31, 2024.

The primary movement in cash outflows from financing activities was related to the activity in loans granted to the Group during the period, in addition to movements in lease contracts.

Net cash used in financing activities decreased by 30.8% from SAR 10,343 thousand during the financial year ended June 30, 2022, to SAR 7,153 thousand during the financial year ended June 30, 2023. This was mainly affected by proceeds from new loans with a finance company and a local development bank amounting to SAR 8,245 thousand. This was offset by the repayment of loan installments of SAR 2,013 thousand during the year, in addition to payments of principal and interest on lease contracts amounting to SAR 2,252 thousand, and the purchase of treasury shares for SAR 11,133 thousand, which were allocated to the employee incentive program.

Net cash used in financing activities increased by 72.8% from SAR 7,153 thousand during the financial year ended June 30, 2023, to SAR 12,357 thousand during the financial year ended June 30, 2024. This was mainly due to the Group's purchase of treasury shares for SAR 12,006 thousand during the year. This was offset by proceeds from a short-term loan equivalent to SAR 5,000 thousand.

Net cash used in financing activities increased by 365.6% from SAR 2,163 thousand during the six-month period ended December 31, 2023, to SAR 10,072 thousand during the six-month period ended December 31, 2024. This was a result of the repayment of SAR 8,846 thousand for a long-term loan during the period.

5.13. Subsidiaries - AZM X

Azm Tajrubah for Information Technology Company – Limited Liability – (the Subsidiary) was established under Commercial Registration No. 1010600261 dated 22 Safar 1442H, corresponding to October 21, 2019, issued in Riyadh.

The activity of the Subsidiary is represented in the rehabilitation and restructuring of administrative, financial, and operational processes of establishments, provision of senior management consultancy services, provision of other human resources, and integrated administrative office services.

On 17 Jumada Al-Awwal 1443H, corresponding to December 21, 2021, the name of the Subsidiary was changed from Qudrah Financial Consultancy Company to the current name: Azm Tajrubah for Information Technology Company.

The financial statements for the financial year ended June 30, 2022, were prepared in accordance with the International Financial Reporting Standard for Small and Medium-sized Entities (IFRS for SMEs) issued by the International Accounting Standards Board (IASB) and endorsed by the Saudi Organization for Chartered and Professional Accountants (SOCPA) (collectively referred to as "IFRS for SMEs as endorsed in the Kingdom of Saudi Arabia").

During the financial year ended June 30, 2023, the subsidiary transitioned from applying "IFRS for SMEs as endorsed in the Kingdom of Saudi Arabia" to applying the International Financial Reporting Standards (IFRS) endorsed in the Kingdom of Saudi Arabia, and other standards and pronouncements issued by SOCPA. Accordingly, the financial statements for the year ended June 30, 2023, are the first financial statements prepared in accordance with IFRS as endorsed in the Kingdom of Saudi Arabia. Consequently, the date of transition was set as July 1, 2021, and the financial statements for the years ended June 30, 2022, and June 30, 2021, were restated to comply with the endorsed IFRS instead of the IFRS for SMEs.

The financial information presented related to Azm Tajrubah for Information Technology Company has been extracted without material changes from the audited financial statements of the subsidiary for the financial years ended June 30, 2022, 2023, and 2024, and their accompanying notes. The figures for the financial year ended June 30, 2022, have been used as classified and adjusted in the audited financial statements for the financial year ended June 30, 2023. The figures for the financial year ended June 30, 2023, have been used as classified and adjusted in the audited financial statements for the financial year ended June 30, 2024. The unaudited management figures for the six-month period ended December 31, 2024, have been used, which include comparative figures for the six-month period ended December 31, 2023.

5.13.1. Results of Operations - Statement of Comprehensive Income

The following table presents the statement of comprehensive income for the fiscal years ended June 30, 2022, 2023, and 2024, and the six-month period ended December 31, 2024, along with comparative figures for the six-month period ended December 31, 2023:

Table number (143): Statement of Comprehensive Income

(In Thousands of Riyals)	Fiscal year ending 30 June			Six months period ending 31 December		Change percentage %		
	2022	2023	2024	2023	2024	2022 - 2023	2023 - 2024	December 2023 - December 2024
Revenue	2,473	12,700	27,863	11,058	14,190	413.6%	119.4%	28.3%
Cost of revenue	(1,942)	(5,240)	(11,469)	(5,326)	(4,716)	169.8%	118.9%	(11.4%)
Total Profit	531	7,459	16,393	5,732	9,474	1305.4%	119.8%	65.3%
General and administrative expenses	(632)	(3,616)	(6,452)	(2,782)	(5,796)	472.2%	78.4%	108.3%
Selling and distribution expenses	(8)	(23)	(200)	(24)	(153)	183.7%	769.6%	537.5%
Operating profit	(109)	3,821	9,741	2,926	3,525	(3605.5%)	155.0%	20.5%
Reversal of impairment against receivables and contract assets	0	0	0	(214)	20	N/A	N/A	(109.4%)
Financing cost	0	0	(183)	(3)	(606)	N/A	N/A	20011.6%
(Loss) / Profit before zakat and income tax	(109)	3,821	9,558	2,708	2,938	(3605.5%)	150.2%	8.5%
Income tax expense	0	(192)	(436)	(152)	(20)	N/A	127.6%	(86.7%)
Zakat	0	(74)	(266)	(92)	(227)	N/A	259.5%	147.0%
(Loss) / profit of the year / period	(109)	3,554	8,856	2,464	2,691	(3354.4%)	149.2%	9.2%
Other comprehensive income								
Remeasurement gains on defined benefit obligations	(4)	(41)	114	32	(40)	925%	(379.3%)	(225.8%)
(Loss) / other comprehensive income for the year / period	(4)	(41)	114	32	(40)	925 %	(379.3%)	(225.8%)
Total (loss) / comprehensive income for the year / period	(113)	3,514	8,971	2,496	2,651	(3210.1%)	155.3%	6.2%

Source: The financial statements for the financial years ended June 30, 2022, June 30, 2023, June 30, 2024, and December 31, 2024. and management information for the six-month periods ended December 31, 2023, and December 31, 2024.

Revenues

Revenues increased by 413.6% from SAR 2,473 thousand during the financial year ended June 30, 2022, to SAR 12,700 thousand during the financial year ended June 30, 2023. This was due to an increase in the number of the subsidiary's projects during the year, as the subsidiary expanded its project base with a special focus on acquiring and managing projects for private sector clients.

Revenues also increased by 119.4% from SAR 12,700 thousand during the financial year ended June 30, 2023, to SAR 27,863 thousand during the financial year ended June 30, 2024. This was due to an increase in the number of projects with a focus on private sector clients.

Furthermore, revenues increased by 28.3% from SAR 11,058 thousand during the six-month period ended December 31, 2023, to SAR 14,190 thousand during the six-month period ended December 31, 2024. This was a result of adding three new projects during the period, equivalent to SAR 6,895 thousand, which was partially offset by a decrease resulting from the completion of some projects.

Cost of Revenues

The cost of revenues is mainly related to the salaries and wages of employees assigned to projects managed by the subsidiary. The cost of revenues increased by 169.8%, or the equivalent of SAR 3,298 thousand, from SAR 1,942 thousand during the financial year ended June 30, 2022, to SAR 5,240 thousand during the financial year ended June 30, 2023. This was mainly due to the increase in employees assigned to projects during the year.

The cost of revenues also increased by 118.9%, or the equivalent of SAR 6,229 thousand, from SAR 5,240 thousand during the financial year ended June 30, 2023, to SAR 11,469 thousand during the financial year ended June 30, 2024, driven mainly by the growth in the subsidiary's business.

The cost of revenues decreased from SAR 5,326 thousand during the six-month period ended December 31, 2023, to SAR 4,716 thousand during the six-month period ended December 31, 2024. This was a result of shifting from a reliance on external labor, which was relatively more expensive, to an increased reliance on internal human resources.

Gross Profit

Gross profit increased from SAR 531 thousand during the financial year ended June 30, 2022, to SAR 7,459 thousand during the financial year ended June 30, 2023. This was due to an increase in the subsidiary's revenues by SAR 10,227 thousand, which was partially offset by an increase in the cost of revenues by SAR 3,298 thousand during the year.

Gross profit also increased by 119.8%, or the equivalent of SAR 8,934 thousand, from SAR 7,459 thousand during the financial year ended June 30, 2023, to SAR 16,393 thousand during the financial year ended June 30, 2024. This was due to an increase in the subsidiary's revenues by SAR 15,163 thousand, which was partially offset by an increase in the cost of revenues by SAR 6,229 thousand during the period.

Gross profit increased by 65.3%, or the equivalent of SAR 3,742 thousand, from SAR 5,732 thousand during the six-month period ended December 31, 2023, to SAR 9,474 thousand during the six-month period ended December 31, 2024. This was due to an increase in the subsidiary's revenues by SAR 3,132 thousand and a decrease in the cost of revenues by SAR 610 thousand during the period.

Gross Profit Margin

The gross profit margin increased significantly from 21.5% during the financial year ended June 30, 2022, to 58.7% during the financial year ended June 30, 2023. This was mainly due to the implementation of a user experience (UX) platform development project with a private sector client, in addition to a decrease in the cost-to-revenue ratio from 78.5% during the financial year ended June 30, 2022, to 41.3% during the financial year ended June 30, 2023. This resulted from the subsidiary's ability to save on a portion of project costs by utilizing its own workforce instead of outsourcing to external labor.

The gross profit margin remained stable at 58.8% for the financial year ended June 30, 2024, driven by higher revenues resulting from an increased number of projects during the year and a stable cost-to-revenue margin at 41.2%.

The gross profit margin increased from 51.8% during the six-month period ended December 31, 2023, to 66.8% during the six-month period ended December 31, 2024, driven by higher revenues resulting from an increased number of projects during the period.

General and Administrative Expenses

General and administrative (G&A) expenses mainly consist of costs for non-project-related employees.

G&A expenses increased by 472.2% from SAR 632 thousand during the financial year ended June 30, 2022, to SAR 3,616 thousand during the financial year ended June 30, 2023. This was mainly due to a significant rise in salaries and wages from SAR 425 thousand during the financial year ended June 30, 2022, to SAR 2,374 thousand during the financial year ended June 30, 2023, as a result of an increase in the number of employees during the year.

G&A expenses also increased by 78.4%, or the equivalent of SAR 2,836 thousand, from SAR 3,616 thousand during the financial year ended June 30, 2023, to SAR 6,452 thousand during the financial year ended June 30, 2024. This was mainly due to an increase in salaries and wages and the depreciation of right-of-use assets during the year by SAR 1,152 thousand and SAR 244 thousand, respectively, in addition to an increase in other expenses (government fees, rent, IT expenses, etc.) by SAR 1,340 thousand during the year.

G&A expenses also increased from SAR 2,782 thousand during the six-month period ended December 31, 2023, to SAR 5,796 thousand during the six-month period ended December 31, 2024. This was mainly due to an increase in salaries and wages by SAR 1,701 thousand as the number of employees grew from 7 during the six-month period ended December 31, 2023, to 17 during the six-month period ended December 31, 2024, to accommodate the growth in project volume. This is in addition to an increase in part-time employee expenses by SAR 170 thousand and an increase in the depreciation of right-of-use assets by SAR 765 thousand during the period.

Selling and Distribution Expenses

Selling and distribution expenses consist of the provision for expected credit losses on trade receivables and exhibition and promotion expenses during the period.

Selling and distribution expenses increased by 183.7% from SAR 8 thousand during the financial year ended June 30, 2022, to SAR 23 thousand during the financial year ended June 30, 2023. This was due to an increase in the provision for expected credit losses during the year.

Selling and distribution expenses increased by 769.6% from SAR 23 thousand during the financial year ended June 30, 2023, to SAR 200 thousand during the financial year ended June 30, 2024. This was due to the subsidiary incurring exhibition and promotion expenses of SAR 161 thousand, in addition to an increase in the provision for expected credit losses during the year.

Selling and distribution expenses increased by 537.5% from SAR 24 thousand during the six-month period ended December 31, 2023, to SAR 153 thousand during the six-month period ended December 31, 2024. This was due to the subsidiary incurring exhibition expenses of SAR 103 thousand and public relations and marketing expenses of SAR 44 thousand.

Finance Cost

The finance cost represents the interest calculated on the company's administrative office lease contract, amounting to SAR 183 thousand during the financial year ended June 30, 2024.

Finance costs increased from SAR 3 thousand during the six-month period ended December 31, 2023, to SAR 606 thousand during the six-month period ended December 31, 2024. This was due to an increase in interest expenses on lease liabilities arising from the new lease agreement signed in June 2024.

Zakat and Income Tax

During the financial year ended June 30, 2023, the subsidiary recorded income tax and Zakat expenses of SAR 192 thousand and SAR 74 thousand, respectively.

Zakat and income tax expense increased from SAR 266 thousand during the financial year ended June 30, 2023, to SAR 702 thousand during the financial year ended June 30, 2024. This was driven by an increase in income tax and Zakat expenses of SAR 245 thousand and SAR 191 thousand, respectively, as a result of the subsidiary's business growth during the year.

The subsidiary has filed its Zakat and tax returns with the Zakat, Tax and Customs Authority (ZATCA) up to June 30, 2024, and they are still under review.

There was no material change in the Zakat and income tax expense during the six-month period ended December 31, 2023, and the six-month period ended December 31, 2024.

Net Profit / (Loss) for the Year / Period

The subsidiary recorded a net profit of SAR 3,554 thousand during the financial year ended June 30, 2023, compared to a loss of SAR 109 thousand during the financial year ended June 30, 2022. This was mainly due to an increase in gross profit by SAR 6,928 thousand during the year, driven by the growth of the subsidiary's business.

Net profit also increased from SAR 3,554 thousand during the financial year ended June 30, 2023, to SAR 8,856 thousand during the financial year ended June 30, 2024, affected by the increase in gross profit of SAR 8,934 thousand during the year as a result of the subsidiary's higher revenues.

Net profit also increased from SAR 2,464 thousand during the six-month period ended December 31, 2023, to SAR 2,691 thousand during the six-month period ended December 31, 2024. This was affected by the increase in profit from operations from SAR 2,926 thousand during the six-month period ended December 31, 2023, to SAR 3,525 thousand during the six-month period ended December 31, 2024. This is in addition to an increase in the reversal of impairment against receivables and contract assets, equivalent to SAR 235 thousand. These were partially offset by an increase in finance costs, equivalent to SAR 603 thousand.

(Loss) / Other Comprehensive Income

The company's total comprehensive income amounted to SAR 3,514 thousand during the financial year ended June 30, 2023, compared to a total comprehensive loss of SAR 113 thousand during the financial year ended June 30, 2022. This was mainly due to an increase in net profit by SAR 3,664 thousand during the year, which was partially offset by an increase in the remeasurement losses on defined benefit obligations for employees of SAR 37 thousand during the year.

Total comprehensive income also increased from SAR 3,514 thousand during the financial year ended June 30, 2023, to SAR 8,971 thousand during the financial year ended June 30, 2024, driven by an increase in net profit of SAR 5,302 thousand during the year, in addition to recording remeasurement gains on defined benefit obligations for employees of SAR 114 thousand during the year.

Total comprehensive income increased from SAR 2,496 thousand during the six-month period ended December 31, 2023, to SAR 2,651 thousand during the six-month period ended December 31, 2024, driven by the increase in net profit from SAR 2,464 thousand during the six-month period ended December 31, 2023, to SAR 2,691 thousand during the six-month period ended December 31, 2024.

5.13.2. Statement of Financial Position

The following table shows the statement of financial position as of June 30, 2022, 2023, 2024 and December 31, 2024:

Table number (144): Financial Position Statement

(In Thousands of Riyals)	As of 30 June			As of 31 December	Change percentage %		
	2022	2023	2024	2024	2022 - 2023	2023 - 2024	June 2024 - December 2024
Assets							
Non-current assets							
Property and equipment, net	22	131	410	1,485	495.5%	212.5%	261.6%
Right-of-use assets	0	0	14,406	14,488	N/A	N/A	0.6%
Total non-current assets	22	131	14,816	15,972	495.5%	11,210%	7.8%
Current assets							
Trade receivables, net	1,388	501	736	3,101	(63.9%)	46.7%	321.6%
Contract assets, net	0	1,329	7,723	3,582	N/A	481.7%	(53.6%)
Amounts due from related parties	0	221	1,482	728	N/A	570.0%	(50.8%)
Prepaid expenses and other current assets	12	89	506	1,222	642%	468.5%	141.8%
Bank balances	1,050	4,287	4,761	10,985	308.1%	11.1%	130.7%
Total Current Assets	2,450	6,427	15,208	19,620	162.3%	136.6%	29.0%
Total Assets	2,472	6,558	30,024	35,592	165.3%	357.8%	18.5%
Liabilities and equity							
Non-current liabilities							
Defined benefit obligations for employees	29	141	286	561	377.5%	103.3%	95.9%
Lease obligations	0	0	10,684	12,156	N/A	N/A	13.8%
Amounts due to related parties	0	0	0	157	N/A	N/A	100
Total non-current liabilities	29	141	10,970	12,874	386.2%	7680.1%	17.3%
Current liabilities							

Trade payables	1,150	67	10	743	(94.2%)	(85.4%)	7330.8%
Current portion of lease obligations	0	0	2,075	2,075	N/A	N/A	0.0%
Accrued expenses and other liabilities	361	2,640	2,631	14,703	630.3%	(0.3%)	458.8%
Amounts due to related parties	1,000	0	222	847	(100.0%)	N/A	281.1%
Zakat and income tax allowance	1	266	702	285	26,500%	163.8%	(59.4%)
Total Current Liabilities	2,512	2,973	5,639	18,653	18.4%	89.7%	230.8%
Total liabilities	2,541	3,114	16,610	31,527	22.5%	433.4%	89.8%
Equity							
Capital	100	100	100	100	0.0%	0.0%	0.0%
Contributed capital	0	0	1,000	1000	N/A	N/A	0.0%
Regular reserve	0	30	30	30	N/A	0.0%	0.0%
Retained earnings / (accumulated losses)	(170)	3,314	12,285	2,936	(2049.4%)	270.7%	(76.1%)
Total Equity	(70)	3,444	13,415	4,066	(5020%)	289.5%	(69.7%)
Total liabilities and equity	2,472	6,558	30,024	35,592	165.3%	357.8%	18.5%

Source: The financial statements for the financial years ended June 30, 2022, June 30, 2023, June 30, 2024, and December 31, 2024. and management information for the six-month period ended December 31, 2024.

Non-current Assets

Non-current assets consisted of property and equipment and right-of-use assets during the period.

Non-current assets continuously increased from SAR 22 thousand as at June 30, 2022, to SAR 131 thousand as at June 30, 2023, due to an increase in the property and equipment balance by SAR 109 thousand during the year.

Non-current assets increased from SAR 131 thousand as at June 30, 2023, to SAR 14,817 thousand as at June 30, 2024. This was mainly due to the addition of right-of-use assets equivalent to SAR 14,406 thousand resulting from the 5-year lease of an administrative office for Tajrebat Azm Information Technology Company, in addition to the purchase of computers and other office equipment for the subsidiary's office.

Non-current assets increased from SAR 14,816 thousand as at June 30, 2024, to SAR 15,972 thousand as at December 31, 2024. This was mainly due to an increase in the property and equipment balance resulting from leasehold improvements on the new head office lease agreement.

Current Assets

Current assets mainly consist of contract assets, receivables, and cash and cash equivalents during the period.

Current assets increased by 162.3%, or the equivalent of SAR 3,976 thousand, to reach SAR 6,426 thousand as at June 30, 2023. This was mainly due to an increase in contract assets by SAR 1,328 thousand as a result of the increased number of the subsidiary's projects during the year, in addition to an increase in the cash and cash equivalents balance by SAR 3,237 thousand during the year.

Current assets also increased by 136.6%, or the equivalent of SAR 8,781 thousand, to reach SAR 15,208 thousand as at June 30, 2024. This was mainly due to an increase in contract assets and amounts due from related parties by SAR 6,395 thousand and SAR 1,260 thousand, respectively, as a result of the increased number of the subsidiary's projects during the year.

Current assets increased from SAR 15,208 thousand as at June 30, 2024, to SAR 19,620 thousand as at December 31, 2024. This was mainly due to an increase in trade receivables from SAR 736 thousand as at June 30, 2024, to SAR 3,101 thousand as at December 31, 2024, and an increase in balances with banks from SAR 4,761 thousand to SAR 10,985 thousand during this period. This increase was partially offset by a decrease in contract assets from SAR 7,723 thousand as at June 30, 2024, to SAR 3,582 thousand as at December 31, 2024.

Non-current Liabilities

Non-current liabilities consist of the provision for end-of-service benefits and the non-current portion of lease liabilities during the period.

Non-current liabilities increased from SAR 29 thousand as at June 30, 2022, to SAR 141 thousand as at June 30, 2023, due to an increase in employee benefit plan obligations as a result of the increased number of employees during the year.

Non-current liabilities also increased to reach SAR 10,970 thousand as at June 30, 2024. This was mainly due to the subsidiary leasing a three-floor administrative office for a period of 5 years. Accordingly, it had to recognize lease liabilities under IFRS 16.

Non-current liabilities also increased from SAR 10,970 thousand as at June 30, 2024, to SAR 12,874 thousand as at December 31, 2024. This was primarily due to the increase in lease liabilities from SAR 10,684 thousand to SAR 12,156 thousand during this period, resulting from the new ten-year lease agreement for the head office, with an annual rent of SAR 2.1 million, which began in May 2024.

Current Liabilities

Current liabilities increased by 18.4%, or the equivalent of SAR 461 thousand, to reach SAR 2,973 thousand as at June 30, 2023. This was mainly due to an increase in the balance of accrued expenses and other credit balances, and the provision for Zakat and income tax by SAR 2,279 thousand and SAR 265 thousand, respectively. This was partially offset by a decrease in trade payables and amounts due to a related party during the year by SAR 1,083 thousand and SAR 1,000 thousand, respectively.

Current liabilities also increased by 89.7%, or the equivalent of SAR 2,666 thousand, to reach SAR 5,639 thousand as at June 30, 2024. This was mainly due to the recognition of the current portion of lease liabilities arising from the administrative office lease, an increase in the provision for Zakat and income tax by SAR 436 thousand, and an increase in the amount due to a related party by SAR 222 thousand.

Current liabilities increased by 230.8% from SAR 5,639 thousand as at June 30, 2024, to SAR 18,653 thousand as at December 31, 2024. This was mainly due to the increase in accrued expenses and other liabilities, which rose from SAR 2,631 thousand as at June 30, 2024, to SAR 14,703 thousand as at December 31, 2024. This resulted from a dividend distribution of SAR 12,000 thousand, which was recorded as dividends payable within accrued expenses and other liabilities.

Capital

The subsidiary's capital amounted to SAR 100 thousand as at June 30, 2021, 2022, 2023, and December 31, 2023, divided into 100,000 shares with a value of SAR 1 per share.

The Articles of Association were amended upon the entry of Azm Ex Holding Company Ltd. on March 20, 2022 (corresponding to Shaban 17, 1443H), wherein Mr. Bader Khalid Duwais Al-Dosari wished to transfer all his shares, amounting to 25,000 shares with a value of SAR 25 thousand, to Azm Ex Holding Company Ltd. as a new partner in the subsidiary, with all its rights and obligations. The parties have settled their rights with each other, and their signing of this resolution is considered a full and final settlement between them, according to the following distribution.

Contributed Capital

The contributed capital represents an additional contribution provided by Saudi Azm for Communications and Information Technology. This contribution is non-interest-bearing and has no maturity date.

Statutory Reserve

In accordance with the company's Articles of Association, the subsidiary is required to form a statutory reserve by allocating 10% of its net income until the reserve reaches 30% of the capital.

Retained Earnings

The subsidiary recorded accumulated losses of SAR 170 thousand as at 2022. The subsidiary then turned to profitability, recording retained earnings of SAR 3,314 thousand and SAR 12,285 thousand as at June 30, 2023, and 2024, respectively, driven by the net profit achieved from business results during the two years.

Retained earnings decreased from SAR 12,285 thousand as at June 30, 2024, to SAR 2,936 thousand as at December 31, 2024, as a result of a dividend distribution of SAR 12,000 thousand, which was offset by the comprehensive income for the period, equivalent to SAR 2,651 thousand.

5.13.3. Cash Flow Statement

The following table presents the cash flow statement for the fiscal years ended June 30, 2022, 2023, and 2024, and for the six-month period ended December 31, 2024, along with comparative figures for the six-month period ended December 31, 2023:

Table number (145): Cashflows statement

(In Thousands of Riyals)	Fiscal year ending 30 June			Six months period ending 31 December		Change percentage %		
	2022	2023	2024	2023	2024	2022 - 2023	2023 - 2024	December 2023 - December 2024
Operational activities								
Profit before zakat and income tax	(109)	3,821	9,558	2.708	2,938	(3605.5%)	150.2%	8.5%
Adjustments to reconcile profit before zakat and income tax to net cash flows:								
Depreciation of property and equipment	2	28	80	26	68	1697.0%	189.1%	162.2%
Depreciation of right-of-use assets	0	0	244	0	791	N/A	N/A	N/A
Provision for defined benefit liabilities	26	70	305	85	246	169.2%	335.7%	188.4%
Financing cost	0	0	183	0	606	N/A	N/A	N/A

Allowance for expected credit losses on trade receivables	8	23	39	214	(20)	188.4%	69.6%	(109.4%)
Changes in operating assets and liabilities								
Trade receivables	(1,395)	875	(220)	(2,582)	(2,390)	(162.7%)	(125.2%)	(7.5%)
Contract assets	0	(1,338)	(6,449)	(1,991)	4,186	N/A	381.9%	(310.3%)
Required from related parties	0	(221)	(306)	221	(210)	N/A	38.3%	(194.9%)
Prepayments and other current assets	10	78	(417)	(427)	1,454	(680%)	436.4%	(440.2%)
Required to related parties	1,000	(1,000)	222	820	(422)	(200.0%)	(122.2%)	(151.5%)
Trade payables	1,150	(1,083)	(57)	(66)	733	(194.2%)	(105.3%)	(1210.6%)
Other current liabilities and accruals	334	2,279	9	1,084	167	583.1%	(100.4%)	(84.6%)
net cash generated from operations	1,024	3,374	3,175	93	8,148	229.6%	(5.9%)	8661.3%
Employee benefits paid	0	0	0	0	(18)	N/A	N/A	N/A
Zakat and income tax paid	0	(1)	(266)	(266)	(664)	N/A	(26,700%)	149.3%
Net cash flow from operating activities	1,024	3,374	2,908	(173)	7,466	229.5%	(13.8%)	(4410.8%)
Investment activities								
Additions to property and equipment	(23)	(137)	(359)	(174)	(1,142)	495.7%	161.8%	556.7%
Net cash used in investing activities	(23)	(137)	(359)	(174)	(1,142)	495.7%	161.8%	556.7%
Financing activities								
Lease payments	0	0	(2,075)	0	0	N/A	N/A	N/A
Dividend paid	0	0	0	0	(100)			
Net cash used in financing activities	0	0	(2,075)	0	(100)	N/A	N/A	N/A
Net change in bank balance	1,001	3,236	475	(347)	6,224	223.5%	(85.3%)	(1892.6%)
Bank balance at the beginning of the year	50	1,050	4,287	4,287	4,761	2008.4%	308.1%	11.1%
Bank balance at the end of the year	1,050	4,287	4,761	3,940	10,985	308.1%	11.1%	178.8%
Non-cash transactions								
Contributed capital	0	0	1,000	0	0	N/A	N/A	N/A

Stock-based bonus payments to employees	0	0	(45)	0	0	N/A	N/A	N/A
Right-of-use assets	0	0	14,650	0	0	N/A	N/A	N/A
Required to related parties	0	1,000	0	0	0	N/A	(100.0%)	N/A

Source: The Consolidated Financial Statements for the financial years ended June 30, 2022, June 30, 2023, June 30, 2024, and December 31, 2024. and management information for the two six-month periods ended December 31, 2023, and December 31, 2024.

Cash (Used in) / From Operating Activities

Net cash inflows from operating activities amounted to SAR 1,024 thousand during the financial year ended June 30, 2022. This was a result of (1) an increase in the movement of trade payables and amounts due to related parties by SAR 1,150 thousand and SAR 1,000 thousand, respectively, and (2) an increase in accruals and other liabilities equivalent to SAR 334 thousand. This was partially offset by an increase in trade receivables of SAR 1,395 thousand and a recorded loss before Zakat and income tax of SAR 109 thousand.

Net cash inflows from operating activities increased by 229.5%, or the equivalent of SAR 2,350 thousand, to SAR 3,374 thousand during the financial year ended June 30, 2023. This was a result of (1) recording a net profit before Zakat and income tax of SAR 3,821 thousand, driven by business volume growth during the year, (2) an increase in accruals and other liabilities equivalent to SAR 2,279 thousand, and (3) a decrease in trade receivables by SAR 875 thousand. This was partially offset by an increase in contract assets by SAR 1,338 thousand, and a decrease in trade payables and amounts due to related parties by SAR 1,083 thousand and SAR 1,000 thousand, respectively.

Net cash inflows from operating activities decreased from SAR 3,374 thousand during the financial year ended June 30, 2023, to SAR 2,908 thousand during the financial year ended June 30, 2024. This was mainly due to an increase in contract assets, prepayments, and other current assets during the year by SAR 6,449 thousand and SAR 417 thousand, respectively. This was partially offset by an increase in net profit before Zakat and income tax of SAR 5,738 thousand and an increase in amounts due to related parties of SAR 222 thousand during the year.

Cash flows from operating activities increased from (SAR 173) thousand during the six-month period ended December 31, 2023, to SAR 7,466 thousand during the six-month period ended December 31, 2024. This was mainly due to the movement in contract assets from (SAR 1,991) thousand to SAR 4,186 thousand during the same period, which is attributed to faster invoicing that helped reduce the value of contract assets.

Cash Used in Investing Activities

Net cash used in investing activities increased from SAR 23 thousand during the financial year ended June 30, 2022, to SAR 137 thousand during the financial year ended June 30, 2023. This increase was mainly due to the purchase of information technology equipment, such as computers and other office equipment used by the subsidiary.

Net cash used in investing activities also increased by 161.8% from SAR 137 thousand during the financial year ended June 30, 2023, to SAR 359 thousand during the financial year ended June 30, 2024, as a result of purchasing additional information technology equipment.

Net cash used in investing activities increased from SAR 173 thousand during the six-month period ended December 31, 2023, to SAR 1,142 thousand during the six-month period ended December 31, 2024, as a result of additions in leasehold improvements.

Cash Used in Financing Activities

Net cash used in financing activities represents the lease contract payments for the company's administrative office, amounting to SAR 2,075 thousand for the financial year ended June 30, 2024, in accordance with the contract concluded between the subsidiary and the lessor on March 4, 2024.

During the six-month period ended December 31, 2024, dividends of SAR 100 thousand were distributed.

6. Auditors' Reports

6.1. Audited consolidated financial statements for the fiscal year ended June 30, 2022

SAUDI AZM FOR COMMUNICATION AND INFORMATION TECHNOLOGY COMPANY AND ITS SUBSIDIARY (A SAUDI JOINT STOCK COMPANY)

CONSOLIDATED FINANCIAL STATEMENTS AND INDEPENDENT AUDITOR'S REPORT 30 JUNE 2022

SAUDI AZM FOR COMMUNICATION AND INFORMATION TECHNOLOGY COMPANY
(A SAUDI JOINT STOCK COMPANY)

CONSOLIDATED FINANCIAL STATEMENTS
30 JUNE 2022

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Independent Auditor's Report
To the Shareholders of Saudi AZM For Communication and Information Technology Company
(A Saudi Joint Stock Company)

Opinion
We have audited the consolidated financial statements of Saudi AZM for Communication and Information Technology Company (the "Company") and its subsidiary (collectively referred to as the "Group"), which comprise the consolidated statement of financial position as at 30 June 2022, and the consolidated statement of comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Group as at 30 June 2022, and its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with International Financial Reporting Standards that are endorsed in the Kingdom of Saudi Arabia and other standards and pronouncements that are endorsed by the Saudi Organization for Chartered and Professional Accountants ("IFRS as endorsed by SOCPA").

Basis for Opinion
We conducted our audit in accordance with International Standards on Auditing that are endorsed in the Kingdom of Saudi Arabia. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Consolidated Financial Statements section of our report. We are independent of the Group in accordance with professional code of conduct and ethics 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 these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters
Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements of the current year. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming auditor's opinion thereon, and we do not provide a separate opinion on these matters. For the matter below, our description of how our audit addressed the matter is provided in that context.

We have fulfilled the responsibilities described in the Auditor's responsibilities for the audit of the Consolidated Financial Statements section of our report, including in relation to these matters. Accordingly, our audit included the performance of procedures designed to respond to our assessment of the risks of material misstatement of the consolidated financial statements. The results of our audit procedures, including the procedures performed to address the matter below, provide the basis for our audit opinion on the accompanying consolidated financial statements.

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Independent Auditor's Report
To the Shareholders of Saudi AZM for Communication and Information Technology Company
(A Saudi Joint Stock Company) (continued)

Key Audit Matters (continued)

Key audit matter	How our audit addressed the key audit matter
Revenue recognition The Group's revenue mainly comprises of sale of hardware, software, providing maintenance services, consulting and human resources services totaling SR 152.6 million for the year ended 30 June 2022. We considered this as a key audit matter due to the application of revenue recognition in accordance with IFRS as endorsed by SOCPA requires key judgment and estimates by management, in particular with respect to estimating the stage of completion and the expected time to completion. Additionally, there are certain inherent risk associated with revenue, which mainly relates to customers' long-term contracts and the materiality of the amounts involved. Refer to note 3 for the accounting policy related to revenue recognition, and note 14 for the related disclosures.	Our audit procedures included, among others, the following: • Gained an understanding of the process of recognizing various revenue flows. • Assessed the Group's revenue recognition policy for compliance with IFRS as endorsed by SOCPA. • Performed analytical procedures by comparing expectations of revenue with the actual results and analysed the variances. • In relation to the criteria followed by the management to determine the appropriate level of revenue to be recognised we have on sample basis performed the following: - Evaluated management assessment related to performance obligations in line with the terms and conditions of contracts with customers; - Traced the transaction price to underlying contracts, on sample basis as executed with customers;s - Evaluated management assessment to allocate transaction price to identified performance obligations; and - Evaluated whether the performance obligations are satisfied over period of time or at a point in time. • Assessed the adequacy of the relevant disclosures in the consolidated financial statements.

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Independent Auditor's Report
To the Shareholders of Saudi AZM for Communication and Information Technology Company
(A Saudi Joint Stock Company) (continued)

Other matter

The financial statements of the Company for the year ended 30 June 2021 were audited by another auditor who expressed unmodified opinion on those financial statements on 4 Rabi Al-Awwal 1443H (corresponding to 10 October 2021).

Other information included in The Group's 2022 Annual Report

Other information consists of the information included in the Group's 2022 annual report, other than the consolidated financial statements and our auditor's report thereon. Management is responsible for the other information in its annual report. The Group's 2022 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.

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

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with International Financial Reporting Standards that are endorsed in the Kingdom of Saudi Arabia and other standards and pronouncements that are endorsed by the Saudi Organization for Chartered and Professional Accountants and the provisions of Companies' Law and Company's By-laws, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

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

Those charged with governance are responsible for overseeing the Group's financial reporting process.

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

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with 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 the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

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

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

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Independent Auditor's Report
To the Shareholders of Saudi AZM for Communication and Information Technology 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, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

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

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

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

for Ernst & Young
Professional Services

Saad M. Al-Khathlan
Certified Public Accountant
License No. (509)

Riyadh: 4 Rabi Al-Awwal 1444H
29 September 2022

SAUDI AZM FOR COMMUNICATION AND INFORMATION TECHNOLOGY COMPANY
(A SAUDI JOINT STOCK COMPANY)

CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 30 JUNE 2022

	Notes	*30 June 2022 SR*	*30 June 2021 SR*
ASSETS			
NON-CURRENT ASSETS			
Property and equipment	6	**7,109,744**	998,517
Right-of-use asset	7	**9,577,188**	234,277
Intangible assets	8	**471,854**	296,986
Investment in an associate	9	**1,891,258**	-
Investment in finance lease	10	**5,201,280**	-
Financial assets at fair value through other comprehensive income	11	**1,883,524**	1,878,500
TOTAL NON-CURRENT ASSETS		**26,134,848**	3,408,280
CURRENT ASSETS			
Financial assets at fair value through profit or loss	12	**17,000,000**	10,000,000
Amounts due from related parties	13	**178,993**	9,969,898
Contract assets	14	**13,442,711**	3,940,299
Trade receivables	15	**11,203,046**	33,807,003
Prepayments and other current assets	16	**12,415,235**	3,861,993
Bank balances	17	**27,221,636**	13,669,469
TOTAL CURRENT ASSETS		**81,461,621**	75,248,662
TOTAL ASSETS		**107,596,469**	78,656,942
EQUITY AND LIABILITIES			
Share capital	18	**30,000,000**	30,000,000
Statutory reserve	19	**3,615,717**	1,703,609
Retained earnings		**18,220,161**	850,709
Equity attributable to equity holders of the parent		**51,835,878**	32,554,318
Non-controlling interest		**(15,439)**	-
TOTAL EQUITY		**51,820,439**	32,554,318
NON-CUURENT LIABILITIES			
Employees' defined benefits liabilities	20	**3,662,919**	3,538,546
Long-term loans	21	-	1,788,733
Lease liabilities	22	**10,866,708**	-
Accruals and other liabilities – non-current	23	**1,186,501**	-
TOTAL NON-CUURENT LIABILITIES		**15,716,128**	5,327,279
CURRENT LIABILITIES			
Current portion of long-term loan	21	**2,012,606**	9,880,896
Current portion of lease liabilities	22	**2,251,800**	181,314
Contract liabilities	14	**9,910,860**	17,488,221
Zakat provision	24	**1,581,198**	941,005
Accruals and other liabilities - current	23	**13,110,829**	11,068,109
Trade payable		**11,192,609**	1,215,800
TOTAL CURRENT LIABILITIES		**40,059,902**	40,775,345
TOTAL LIABILITIES		**55,776,030**	46,102,624
TOTAL EQUITY AND LIABILITIES		**107,596,469**	78,656,942

Chief Financial Officer	Chief Executive Officer	Chairman, Board of Directors

The accompanying notes 1 to 39 form an integral part of these consolidated financial statements

SAUDI AZM FOR COMMUNICATION AND INFORMATION TECHNOLOGY COMPANY
(A SAUDI JOINT STOCK COMPANY)

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 30 JUNE 2022

	Notes	***2022*** *SR*	*2021* *SR*
Revenue	14	**152,560,468**	135,143,015
Cost of revenue	25	**(121,749,747)**	(105,914,878)
GROSS PROFIT		**30,810,721**	29,228,137
Selling and distribution expenses	26	**(1,409,136)**	-
General and administrative expenses	27	**(14,953,085)**	(12,771,329)
OPERATING PROFIT		**14,448,500**	16,456,808
Share of profit from investment in an associate	9	**865,258**	-
Finance cost		**(689,956)**	(822,913)
Other income	28	**5,863,544**	858,119
PROFIT BEFORE ZAKAT		**20,487,346**	16,492,014
Zakat	24	**(1,392,801)**	(955,921)
PROFIT FOR THE YEAR		**19,094,545**	15,536,093
Attributable to:			
Equity holders of the Parent Company		**19,104,434**	15,536,093
Non-controlling interest		**(9,889)**	-
		19,094,545	15,536,093
OTHER COMPREHENSIVE INCOME (LOSS)			
Other comprehensive profit (loss) that will not be reclassified to profit or loss in subsequent periods			
Gain on financial assets at fair value through other comprehensive income		**5,024**	-
Remeasurement gain (loss) on employees' defined benefit liabilities		**172,102**	(189,227)
OTHER COMPREHENSIVE INCOME (LOSS) FOR THE YEAR		**177,126**	(189,227)
TOTAL COMPREHENSIVE INCOME FOR THE YEAR		**19,271,671**	15,346,866
Attributable to:			
Equity holders of the parent		**19,281,560**	15,346,866
Non-controlling interest		**(9,889)**	-
		19,271,671	15,346,866
EARNINGS PER SHARE			
Basic and diluted, income for the year per share attributable to equity holders of the parent	29	**6.37**	10.21

Chief Financial Officer	**Chief Executive Officer**	**Chairman, Board of Directors**

The accompanying notes 1 to 39 form an integral part of these consolidated financial statements

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SAUDI AZM FOR COMMUNICATION AND INFORMATION TECHNOLOGY COMPANY
(A SAUDI JOINT STOCK COMPANY)

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 30 JUNE 2022

	Total equity attributable to the equity holders of the parent company					
	Share capital SR	*Statutory reserve SR*	*Retained earnings SR*	*Total SR*	*Non-controlling interest SR*	*Total equity SR*
As at 1 July 2020	500,000	150,000	20,882,963	21,532,963	-	**21,532,963**
Profit for the year	-	-	15,536,093	15,536,093	-	**15,536,093**
Other comprehensive loss	-	-	(189,227)	(189,227)	-	**(189,227)**
Total comprehensive income	-	-	15,346,866	15,346,866	-	**15,346,866**
Transfer to share capital (note 18)	29,500,000	-	(29,500,000)	-	-	-
Transfer to statutory reserve	-	1,553,609	(1,553,609)	-	-	-
Withdrawal of capital in kind of intangible assets	-	-	(4,325,511)	(4,325,511)	-	**(4,325,511)**
As at 30 June 2021	30,000,000	1,703,609	850,709	32,554,318	-	**32,554,318**
As at 1 July 2021	30,000,000	1,703,609	850,709	32,554,318	-	**32,554,318**
Profit for the year	-	-	**19,104,434**	**19,104,434**	**(9,889)**	**19,094,545**
Other comprehensive income	-	-	**177,126**	**177,126**	-	**177,126**
Total comprehensive income	-	-	**19,281,560**	**19,281,560**	**(9,889)**	**19,271,671**
Transfer to statutory reserve	-	**1,912,108**	**(1,912,108)**	-	-	-
Non-controlling interest arising on acquisition of subsidiary (note 2.5)	-	-	-	-	**(5,550)**	**(5,550)**
As at 30 June 2022	**30,000,000**	**3,615,717**	**18,220,161**	**51,835,878**	**(15,439)**	**51,820,439**

Chief Financial Officer	Chief Executive Officer	Chairman, Board of Directors

The accompanying notes 1 to 39 form an integral part of these consolidated financial statements

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SAUDI AZM FOR COMMUNICATION AND INFORMATION TECHNOLOGY COMPANY
(A SAUDI JOINT STOCK COMPANY)

CONSOLIDATED STATEMENT OF CASH FLOW
FOR THE YEAR ENDED 30 JUNE 2022

	Notes	*2022* *SR*	*2021* *SR*
OPERATING ACTIVITIES			
Profit for the year before zakat		**20,487,346**	16,492,014
Adjustments to reconcile profit before zakat to net cash flows:			
Depreciation of property and equipment		**357,967**	237,617
Right-of-use asset depreciation		**438,046**	451,421
Amortisation		**296,986**	742,333
Employees' defined benefits liabilities		**2,134,709**	1,712,702
Expected credit loss provision for trade receivables		**636,995**	538,887
Charged (reversal) of expected credit loss provision for contract assets		**93,423**	(254,403)
Gain on disposal of property and equipment		**(348,451)**	(3,337)
Gain on disposal of right-of-use asset		**(146,367)**	-
Gain on disposal of Investment in an associate		**(4,778,000)**	-
Gain on disposal of financial assets at fair value through profit or loss		**(441,171)**	-
Share in profit from Investment in an associate		**(865,258)**	-
Finance cost		**689,956**	822,913
		18,556,181	20,740,147
Changes in operating assets and liabilities			
Trade receivables		**21,966,962**	(31,143,268)
Contract assets		**(9,595,835)**	15,077,456
Prepayments and other current assets		**(8,553,242)**	86,704
Amounts due from / to related parties, net		**9,790,905**	(6,812,889)
Trade payables		**9,976,809**	(1,318,201)
Contract liabilities		**(7,577,362)**	6,087,662
Accrued expenses and other current liabilities		**1,751,187**	(2,244,137)
		36,315,605	473,474
Employees' defined benefits liabilities paid		**(1,838,234)**	(174,961)
Zakat paid		**(752,608)**	(554,235)
Finance cost paid		**(430,311)**	(801,379)
Net cash flow from (used in) operating activities		**33,294,452**	(1,057,101)
INVESTING ACTIVITIES			
Purchase of property and equipment		**(7,068,151)**	(164,377)
Proceeds from the disposals of property and equipment		**947,408**	9,393
Additions to intangibles assets		**(471,854)**	(583,476)
Proceeds from the sale of intangibles assets		**-**	1,324,258
addition to investment in an associate		**(1,140,000)**	-
Proceeds from the disposal of investment in an associate		**4,892,000**	-
Purchase of financial assets at fair value through profit or loss		**(20,486,284)**	-
Proceeds from disposal of financial assets at fair value through profit or loss		**13,927,455**	(10,000,000)
Purchase of financial assets at fair value through other comprehensive income		**-**	(1,878,500)
Net cash used in investing activities		**(9,399,426)**	(11,292,702)
FINANCING ACTIVITIES			
Non-controlling interest on acquisition		**(5,550)**	
Repayment of long-term loan		**(9,657,023)**	(10,801,035)
Addition to short-term borrowings		-	10,000,000
Lease paid		**(795,641)**	(487,520)
Security deposits paid		**115,355**	-
Net cash used in financing activities		**(10,342,859)**	(1,288,555)
NET CHANGE IN BANK BALANCE		**13,552,167**	(13,638,358)
BANK BALANCE AT THE BEGINNING OF THE YEAR		**13,669,469**	27,307,827
BANK BALANCE AT THE END OF THE YEAR		**27,221,636**	13,669,469

The accompanying notes 1 to 39 form an integral part of these consolidated financial statements

SAUDI AZM FOR COMMUNICATION AND INFORMATION TECHNOLOGY COMPANY
(A SAUDI JOINT STOCK COMPANY)

CONSOLIDATED STATEMENT OF CASH FLOW (CONTINUED)
FOR THE YEAR ENDED 30 JUNE 2022

	Notes	***2022***	*2021*
Non-cash transaction:			
Share capital increase through retained earnings		-	29,500,000
Withdrawal of capital in kind of intangible assets		-	4,325,511
Actuarial gain or loss		**(172,102)**	189,227
Lease liabilities		**13,732,860**	-
Right of use asset		**9,780,958**	-

Chief Financial Officer	**Chief Executive Officer**	**Chairman, Board of Directors**

The accompanying notes 1 to 39 form an integral part of these consolidated financial statements

SAUDI AZM FOR COMMUNICATION AND INFORMATION TECHNOLOGY COMPANY
(A SAUDI JOINT STOCK COMPANY)

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
30 JUNE 2022

1. ACTIVITIES

Saudi AZM for Communication and Information Technology Company (the "Company") is a saudi joint stock Company registered in the Kingdom of Saudi Arabia on 11 Rabi Awal 1439H (corresponding to 29 November 2017) under Commercial Registration No. 1010918075. The company became listed on the parallel market "Nomu" on 1 March 2022.

On 22 Shawwal 1442H (corresponding to 3 June 2021) the shareholders decided to change the legal structure of the Company from a limited liability company to a Saudi closed joint stock company, as well as increasing its share capital to SR 30 million by transferring SR 29.5 million from retained earnings to the share capital (note 18).

The Company is principally engaged in the sale of wire and wireless equipment and devices, repair and maintenance of personal and portable computers (of all types and sizes) and providing senior management consulting services.

The registered office of the Company head office is as follows:

7999, King Khalid Road, 2280 West Umm Al Hammam District
Riyadh 12329
Kingdom of Saudi Arabia

2. BASIS OF PREPARATION AND PRESENTATION

2.1 Statement of compliance

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

The Group has prepared these consolidated financial statements on the basis that it will continue to operate as a going concern.

2.2 Functional and presentation currency

These consolidated financial statements are presented in Saudi Riyals ("SR"), which is the Group's functional currency and all values are rounded to the nearest one Saudi Riyal, except where otherwise indicated.

2.3 Basis of measurement

These consolidated financial statements have been prepared under the historical cost convention, except for the following material items in the consolidated statement of financial position that are measured at fair value:

- Financial assets at fair value through profit or loss ("FVPL").
- Financial assets at fair value through other comprehensive income ("FVOCI").
- Employees' defined benefits liabilities are recognised at the present value of future obligations using the projected unit credit method

The preparation of the consolidated financial statements in accordance with IFRS as endorsed in Kingdom of Saudi Arabia requires the use of certain significant accounting estimates. It also requires management to exercise its judgment in the process of applying the Group's accounting policies. The areas involving a higher degree of judgment or complexity, or areas where assumptions and estimates are significant to the consolidated financial statements are disclosed in note 4.

The significant accounting policies (Note 3) applied in preparing these consolidated financial statements are consistent with those applied in comparative periods presented.

2.4 New standards and amendments to standards

New standards and amendments adopted by the Group

The Group applied for the first-time certain standards and amendments, which are effective for annual periods beginning on or after 1 April 2021, but do not have an impact on the consolidated financial statements of the Group. The Group has not early adopted any other standard, interpretation or amendment that has been issued but is not yet effective.

SAUDI AZM FOR COMMUNICATION AND INFORMATION TECHNOLOGY COMPANY
(A SAUDI JOINT STOCK COMPANY)

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)
30 June 2022

2. BASIS OF PREPARATION AND PRESENTATION (continued)

2.4 New standards and amendments to standards (continued)

New standards and amendments adopted by the Group (continued)

- Amendment to IFRS 16, 'Leases' – COVID-19 related rent concessions extension of the practical expedient (effective for annual periods beginning on or after 1 April 2021).
- A number of narrow-scope amendments to IFRS 3, IAS 16, IAS 37 and some annual improvements on IFRS 1, IFRS 9, IAS 41 and IFRS 16 (effective for annual periods beginning on or after 1 January 2022):
- Amendments to IFRS 3, 'Business combinations' update a reference in IFRS 3 to the Conceptual Framework for Financial.
- Reporting without changing the accounting requirements for business combinations.
- Amendments to IAS 16, 'Property, plant and equipment' prohibit a company from deducting from the cost of property, plant and equipment amounts received from selling items produced while the company is preparing the asset for its intended use. Instead, a company will recognize such sales proceeds and related cost in statement of income.
- Amendments to IAS 37, 'Provisions, contingent liabilities and contingent assets' specify which costs a company includes when assessing whether a contract will be loss-making.
- Annual improvements make minor amendments to IFRS 1, 'First-time Adoption of IFRS', IFRS 9, 'Financial Instruments', IAS 41, 'Agriculture' and the Illustrative Examples accompanying IFRS 16, 'Leases'.

2.5 Basis of consolidation

The Company's subsidiary consolidated in these consolidated financial statements is as follows:

Subsidiary Company	*Country of incorporation*	*Effective ownership* ***30 June 2022***	*30 June 2021*
AZM Tajrubah for information technology Company	Saudi Arabia	**75%**	-

The consolidated financial statements comprise the financial statements of the Company and its subsidiary (the Group) as at 30 June 2022.

Acquisition of AZM Tajrubah for information technology Company

On 1 December 2021, the Group acquired 75% of the voting shares of AZM Tajrubah for information technology Company (the "Company"). AZM Tajrubah for information technology Company is a Limited Liability Company registered in the Kingdom of Saudi Arabia under Commercial Registration numbered 1010600261, dated 22 Safar 1441H (corresponding to 21 October 2019). This Company was acquired from a related party of one of the shareholder (Mr. Ali M Al Ballaa) at a purchase consideration of SR nil.

The Company is engaged in general information technology services with major focus on user experience (UX) and user interface (UI) development related services.

Assets acquired and liabilities assumed

The fair values of the identifiable assets and liabilities of AZM Tajrubah for information technology Company as at the date of acquisition were:

	SR
ASSETS	
Bank balance	43,862
Trade receivables	32
	43,894
LIABILITIES	
Amounts due to related parties	(23,319)
Accounts payable and accruals	(42,775)
	(66,094)
Total identifiable net assets at fair value	(22,200)
Company's ownership at 75%	(16,650)
Non-controlling interest	(5,550)

SAUDI AZM FOR COMMUNICATION AND INFORMATION TECHNOLOGY COMPANY
(A SAUDI JOINT STOCK COMPANY)
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)
30 June 2022

2. BASIS OF PREPARATION AND PRESENTATION (continued)

2.5 Basis of consolidation (continued)

Control is achieved when the Group is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee. Specifically, the Group controls an investee if, and only if, the Group has:

- Power over the investee (i.e., existing rights that give it the current ability to direct the relevant activities of the investee)
- Exposure, or rights, to variable returns from its involvement with the investee
- The ability to use its power over the investee to affect its returns

Generally, there is a presumption that a majority of voting rights results in control. To support this presumption and when the Group has less than a majority of the voting or similar rights of an investee, the Group considers all relevant facts and circumstances in assessing whether it has power over an investee, including:

- The contractual arrangement(s) with the other vote holders of the investee
- Rights arising from other contractual arrangements
- The Group's voting rights and potential voting rights

The Group re-assesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control. consolidation of a subsidiary begins when the Group obtains control over the subsidiary and ceases when the Group loses control of the subsidiary. Assets, liabilities, income and expenses of a subsidiary acquired or disposed of during the year are included in the consolidated financial statements from the date the Group gains control until the date the Group ceases to control the subsidiary.

Income and each component of other comprehensive income (OCI) are attributed to the equity holders of the parent of the Group and to the non-controlling interests, even if this results in the non-controlling interests having a deficit balance. Financial statements of subsidiaries are prepared using accounting policies which are consistent with those of the Group. All intra-group assets and liabilities, equity, income, expenses and cash flows relating to transactions between members of the Group are eliminated in full on consolidation.

A change in the ownership interest of a subsidiary, without a loss of control, is accounted for as an equity transaction. If the Group loses control over a subsidiary, it derecognises the related assets (including goodwill), liabilities, non-controlling interests and other components of equity, while any resultant gain or loss is recognised in consolidated statement of income. Any investment retained is recognised at fair value.

3. SIGNIFICANT ACCOUNTING POLICIES

The significant accounting policies applied by the Group in the preparation of consolidated financial statements are set out below:

Business combination and goodwill

Business combinations are accounted for using the acquisition method. The cost of an acquisition is measured as the aggregate of the consideration transferred, which is measured at the acquisition date fair value and the amount of any non-controlling interest in the acquiree. For each business combination, the Group elects to measure the non-controlling interest in the acquiree at the proportionate share of the acquiree's identifiable net assets. Acquisition-related costs are expensed as incurred and included in general and administrative expenses.

When the Group acquires a business, it assesses the financial assets and liabilities assumed for appropriate classification and designation in accordance with the contractual terms, economic circumstances and pertinent conditions as at the acquisition date.

Any contingent consideration, if any, to be transferred by the acquirer will be recognised at fair value at the acquisition date. Contingent consideration that is classified as equity is not remeasured and subsequent settlement is accounted for within equity.

SAUDI AZM FOR COMMUNICATION AND INFORMATION TECHNOLOGY COMPANY
(A SAUDI JOINT STOCK COMPANY)

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)
30 June 2022

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

Business combination and goodwill (continued)

Goodwill is initially measured at cost (being the excess of the aggregate of the consideration transferred and the amount recognised for non-controlling interests) and any previous interest held, over the net identifiable assets acquired and liabilities assumed. If the fair value of the net assets acquired is in excess of the aggregate consideration transferred, the Group re-assesses whether it has correctly identified all of the assets acquired and all of the liabilities assumed and reviews the procedures used to measure the amounts to be recognised at the acquisition date. If the reassessment still results in an excess of the fair value of net assets acquired over the aggregate consideration transferred, then the gain is recognised in profit or loss.

After initial recognition, goodwill is measured at cost less any accumulated impairment losses. For the purpose of impairment testing, goodwill acquired in a business combination is, from the acquisition date, allocated to each of the Group's cash-generating units that are expected to benefit from the combination, irrespective of whether other assets or liabilities of the acquiree are assigned to those units.

Where goodwill has been allocated to a cash-generating unit (CGU) and part of the operation within that unit is disposed of, the goodwill associated with the disposed operation is included in the carrying amount of the operation when determining the gain or loss on disposal of the operation. Goodwill disposed in these circumstances is measured based on the relative values of the disposed operation and the portion of the cash- generating unit retained.

Investments in an associate

An associate is an entity over which the Group has significant influence. Significant influence is the power to participate in the financial and operating policy decisions of the investee, but is not control or joint control over those policies.

The considerations made in determining whether significant influence is similar to those necessary to determine control over subsidiaries.

The Group's investments in its associates is accounted for using the equity method. Under the equity method, the investment in associates is initially recognised at cost. The carrying amount of the investment is adjusted to recognise changes in the Group's share of net assets of the associate since the acquisition date. Goodwill relating to the associate is included in the carrying amount of the investment and is not tested for impairment separately.

The consolidated statement of comprehensive income reflects the Group's share of the results of operations of the associates. Any change in OCI of those investees is presented as part of the Group's OCI. In addition, when there has been a change recognised directly in the equity of the associates, the Group recognises its share of any changes, when applicable, in the consolidated statement of changes in equity. Unrealised gains and losses resulting from transactions between the Group and the associates is eliminated to the extent of the interest in the associate.

The aggregate of the Group's share of profit or loss of associates is shown on the face of the consolidated statement of income outside operating profit and represents profit or loss and non- controlling interests in the subsidiaries of the associate, if any.

The financial statements of the associate is prepared for the same reporting period as the Group. When necessary, adjustments are made to bring the accounting policies in line with those of the Group.

After application of the equity method, the Group determines whether it is necessary to recognise an impairment loss on its investments in its associate. The Group determines at each reporting date whether there is any objective evidence that the investment in the associate is impaired. If this is the case, the Group calculates the amount of impairment as the difference between the recoverable amount of the associate and its carrying value and recognises the loss as 'Share of profit of an associates' in the consolidated statement of income.

Upon loss of significant influence over the associate, the Group measures and recognises any retained investment at its fair value. Any difference between the carrying amount of the associate upon loss of significant influence or joint control and the fair value of the retaining investment and proceeds from disposal is recognised in consolidated statement of income.

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Current versus non-current classification

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

- Expected to be realised or intended to be sold or consumed in the normal operating cycle
- Held primarily for the purpose of trading
- Expected to be realised within twelve months after the reporting period
  or
- Cash or cash equivalent unless restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period.

All other assets are classified as non-current.

A liability is current when:

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

The Group classifies all other liabilities as non-current.

Foreign currencies

(i) Functional and presentation currency

Items included in the financial statements of each of the Group's entities are measured using the currency of the primary economic environment in which each respective entity operates (the "functional currency"). The consolidated financial statements are presented in Saudi Riyals ("SR"), which is the Group's functional and presentation currency.

(ii) Transactions and balances

Foreign currency transactions are translated into Saudi Riyals at the rates of exchange prevailing at the time of the transactions. Monetary assets and liabilities denominated in foreign currencies at the reporting date are translated at the exchange rates prevailing at that date. Gains and losses from settlement and translation of foreign currency transactions are included in the consolidated statement of income.

(iii) Group companies

The results and financial position of foreign operations (none of which has the currency of a hyperinflationary economy) that have a functional currency different from the presentation currency of the consolidated financial statements are translated into the presentation currency as follows:

- Assets and liabilities for each statement of financial position presented are translated at the closing rate at the date of that consolidated statement of financial position;
- Income and expenses for each statement of income and statement of comprehensive income are translated at average exchange rates (unless this is not a reasonable approximation of the cumulative effect of the rates prevailing on the transaction dates, in which case income and expenses are translated at the dates of the transactions), and
- All resulting exchange differences are recognized in other comprehensive income.

3 SIGNIFICANT ACCOUNTING POLICIES (continued)

Property and equipment

Property and equipment are stated at cost, net of accumulated depreciation and accumulated impairment losses, if any. Cost includes all amounts necessary to bring the asset to the present condition and location to be ready for its intended use by management. Such costs includes the cost of replacing part of the property and equipment and borrowing costs for long-term construction projects (qualifying assets), if the recognition criteria are met, and costs incurred during the commissioning period, net of proceeds from sale of trial production.

When parts of property and equipment are significant in cost in comparison to the total cost of the item, and where such parts/ components have a useful life different from the other parts and required to be replaced at different intervals, the Group shall recognise such parts as individual components of the asset with specific useful lives and depreciate them accordingly.

All other repair and maintenance costs are recognised in profit or loss as incurred.

Depreciation is calculated from the date the item of property and equipment is available for their intended use or in respect of self-constructed assets from the date such assets are completed and ready for the intended use. Land and assets under construction, which are not ready for their intended use, are not depreciated.

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

Computers and equipment	4 years
Fixtures and furniture	7 years
Leasehold improvements	10 years or lease period whatever is shorter

The assets' residual values, useful lives and methods of depreciation are reviewed, and adjusted prospectively if appropriate, at each reporting date.

An item of property and equipment and any significant component initially recognised is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. Gains and losses on disposal of retired, sold or otherwise derecognised property and equipment are determined by comparing the proceeds with the carrying amount of the asset, and are recognised within "other income/(loss)" in profit or loss.

An asset's carrying amount is written-down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount.

Intangible assets

The Group's intangible assets consist of online platforms established by the Group and Software and IT systems and have finite useful lives are measured at cost less accumulated amortization and any accumulated impairment losses. Intangible assets acquired separately are measured at cost upon initial recognition. Following initial recognition, intangible assets are carried at cost less any accumulated amortisation and accumulated impairment losses, if any.

The useful lives of intangible assets are assessed to be either finite or indefinite. Intangible assets with finite lives are amortised over the useful economic life and assessed for impairment whenever there is an indication that the intangible asset may be impaired. The amortisation period and the amortisation method for an intangible asset with a finite useful life are reviewed at least at each financial year-end. Changes in the expected useful life or the expected pattern of consumption of future economic benefits embodied in the asset, are accounted for by changing the amortisation period or method, as appropriate, and are treated as changes in accounting estimates.

The amortisation expense on intangible assets with finite lives is recognised in profit or loss in the expense category consistent with the function of the intangible asset.

The estimated useful lives for current and comparative periods are 4 years.

Gains or losses arising from derecognising an intangible asset are measured as the difference between the net disposal proceeds and the carrying amount of the asset and are recognised in profit or loss when the asset is derecognised.

SAUDI AZM FOR COMMUNICATION AND INFORMATION TECHNOLOGY COMPANY
(A SAUDI JOINT STOCK COMPANY)

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)
30 June 2022

3 SIGNIFICANT ACCOUNTING POLICIES (continued)

Leases

The Group assess whether a contract contains a lease, at inception of the contract. For all such lease arrangements the Group recognize right of use assets and lease liabilities except for the short term leases and leases of low value assets as follows:

Right-of-use assets
The Group recognises right-of-use assets at the commencement date of the lease (i.e., the date the underlying asset is available for use). Right-of-use assets are measured at cost, less any accumulated depreciation and impairment losses, and adjusted for any re-measurement of lease liabilities. The cost of right-of-use assets includes the amount of lease liabilities recognised, initial direct costs incurred, and lease payments made at or before the commencement date less any lease incentives received. Unless the Group is reasonably certain to obtain ownership of the leased asset at the end of the lease term, the recognised right-of-use assets are depreciated on a straight-line basis over the shorter of its estimated useful life and the lease term. Right-of-use assets are subject to impairment. Right-of-use assets are depreciated over the useful life or lease period whichever is lower.

Lease liabilities
At the commencement date of the lease, the Group recognises lease liabilities measured at the present value of lease payments to be made over the lease term. The lease payments include fixed payments (including in-substance fixed payments) less any lease incentives receivable, variable lease payments that depend on an index or a rate, and amounts expected to be paid under residual value guarantees. The lease payments also include the exercise price of a purchase option reasonably certain to be exercised by the Group and payments of penalties for terminating a lease, if the lease term reflects the Group exercising the option to terminate. The variable lease payments that do not depend on an index or a rate are recognised as expense in the period on which the event or condition that triggers the payment occurs.

In calculating the present value of lease payments, the Group uses the incremental borrowing rate at the lease commencement date if the interest rate implicit in the lease is not readily determinable. After the commencement date, the amount of lease liabilities is increased to reflect the accretion of interest and reduced for the lease payments made. In addition, the carrying amount of lease liabilities is re-measured if there is a modification, a change in the lease term, a change in the in-substance fixed lease payments or a change in the assessment to purchase the underlying asset.

Short-term leases and leases of low-value assets
The Group applies the short-term lease recognition exemption to its short-term leases of commercial buildings, accommodations and offices (i.e., those leases that have a lease term of 12 months or less from the commencement date and do not contain a purchase option). It also applies the lease of low-value assets recognition exemption to leases of commercial buildings, accommodations and offices that are considered of low value (i.e., below SR 20,000). Lease payments on short-term leases and leases of low-value assets are recognised as expense on a straight-line basis over the lease term.

As a lessor
Leases in which the Group does not transfer substantially all the risks and rewards incidental to ownership of an asset are classified as operating leases. Operating lease income is recognized in the consolidated statement of profit or loss on a straight-line basis over the lease term. Any benefits granted as an incentive to enter into an operating lease, are distributed in a straight-line basis over the lease term. Total benefits from incentives are recognized as a reduction in rental income on a straight-line basis, unless there is another basis that better represents the period of time in which the economic benefits of the leased asset are exhausted.

The amounts due from the finance leases are recorded as lease receivables at an amount equal to the net investment of the Group in the lease. The lease payments to be received are distributed into two components:
- a reimbursement of the original amount
- a financing income to compensate the Group for its investment and services.

The additional costs directly attributable to negotiating the lease contract are included in the amounts due, which in return, will reduce the finance income portion from the contract.

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3 SIGNIFICANT ACCOUNTING POLICIES (continued)

Financial instruments

A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity.

i) Financial assets

Classification of financial assets depends on the Company's business model for managing its financial assets and the contractual terms of the cash flows. The Company classifies its financial assets as:

- Financial assets measured at amortized cost; or
- Financial assets measured at fair value

Gains or losses of assets measured at fair value will be recognised either through the statement of profit or loss or through statement of OCI.

Initial measurement

Financial assets are initially measured at their fair value plus transaction costs. Transaction costs of financial assets carried at fair value through income statement are recognised in the statement of profit or loss, when incurred.

Financial assets with embedded derivatives are considered in their entirety when determining whether their cash flows meet the requirements as solely payment of principal and interest.

Subsequent measurement

Debt instruments

The Company recognizes three classifications to subsequently measure its debt instruments:

- Amortized cost

Financial assets held for collection of contractual cash flows, where those cash flows represent Solely Payments of Principal and Interest ("SPPI"), are measured at amortized cost. A gain or loss on an investment in debt instruments subsequently measured at amortized cost, and not part of a hedging relationship, is recognised in the statement of profit or loss when the asset is de-recognised or impaired. Interest income from these financial assets is included in finance income using the Effective Interest Rate ("EIR") method.

- FVOCI

Financial assets held for collection of contractual cash flows and for selling the financial assets, where the assets' cash flows represent solely payments of principal and interest, are measured at FVOCI. Movements in the carrying amount are taken through OCI, except for the recognition of impairment gains or losses, interest revenue and foreign exchange gains and losses, which are recognised in the statement of profit or loss. When the financial asset is de-recognised, the cumulative gain or loss previously recognised in OCI, is reclassified from equity to the statement of profit or loss and recognised in other income/expense. Interest income from these financial assets is included in finance income using the EIR method. Foreign exchange gains and losses are presented in other income/expense.

- FVPL

Financial assets at fair value through profit or loss include financial assets held for trading, financial assets designated upon initial recognition at fair value through profit or loss, or financial assets mandatorily required to be measured at fair value. Financial assets with cash flows that are not solely payments of principal and interest are classified and measured at fair value through profit or loss, irrespective of the business model.

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

Equity instruments

The Company measures all investments in equity instruments at fair value and presents changes in fair value of investments in equity instruments in OCI. Dividends from such investments continue to be recognised in the special-purpose statement of profit or loss as other income when the Company's right to receive payments is established. There shall be no subsequent reclassification of changes in fair value through profit or loss income.

3 SIGNIFICANT ACCOUNTING POLICIES (continued)

Financial instruments (continued)

i) Financial assets (continued)

De-recognition

A financial asset or a part of a financial asset is de-recognised when:

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

Impairment

At each reporting date, the Company applies a three-stage approach to measuring expected credit losses ("ECL") on financial assets accounted for at amortized cost and FVOCI. Assets migrate through the following three stages based on the change in credit quality since initial recognition:

a) Stage 1: 12-months ECL
For exposures where there has not been a significant increase in credit risk since initial recognition and that are not credit impaired upon origination, the portion of the lifetime ECL associated with the probability of default events occurring within the next 12 months is recognised.

b) Stage 2: Lifetime ECL - not credit impaired
For credit exposures where there has been a significant increase in credit risk since initial recognition but that are not credit impaired, a lifetime ECL is recognised.

c) Stage 3: Lifetime ECL - credit impaired
Financial assets are assessed as credit impaired when one or more events that have a detrimental impact on the estimated future cash flows of that asset have occurred. For financial assets that have become credit impaired, a lifetime ECL is recognised and interest revenue is calculated by applying the effective interest rate to the amortized cost (net of provision) rather than the gross carrying amount.

The Company considers the probability of default upon initial recognition of asset and whether there has been a significant increase in credit risk on an ongoing basis throughout each reporting period. To assess whether there is a significant increase in credit risk the Company compares the risk of a default occurring on the asset as at the reporting date with the risk of default as at the date of initial recognition. It considers available reasonable and supportive forwarding-looking information.

For equity instruments measured at FVOCI, impairment losses (and reversal of impairment losses) are not reported separately from other changes in fair value and for debt instruments measured at FVOCI, impairment gains or losses are recognised in the consolidated statement of comprehensive income.

For trade receivables only, the Company recognizes expected credit losses for trade receivables based on the simplified approach. The simplified approach to the recognition of expected losses does not require the Company to track the changes in credit risk; rather, the Company recognizes a loss allowance based on lifetime expected credit losses at each reporting date from the date of the trade receivable.

Objective evidence that financial assets are impaired may include indications that a debtor or a Company of debtors is experiencing significant financial difficulty, default or delinquency in profit or principal payments, the probability that they will enter bankruptcy or other financial reorganization and where observable data indicates that there is a measurable decrease in the estimated future cash flows, such as changes in arrears or economic conditions that correlate with defaults.

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3 SIGNIFICANT ACCOUNTING POLICIES (continued)

Financial instruments (continued)

i) Financial assets (continued)

Expected credit losses are measured as the difference in the present value of the contractual cash flows that are due to the Company under the contract, and the cash flows that the Company expects to receive. The Company assesses all information available, including past due status, credit ratings, the existence of third-party insurance, and forward looking macro-economic factors in the measurement of the expected credit losses associated with its assets carried at amortized cost.

The Company measures expected credit loss by considering the risk of default over the contract period and in Company's forward-looking information into its measurement.

ii) Financial liabilities

Initial recognition and measurement

Financial liabilities are classified under either of the below two classes:

- Financial liabilities at FVPL; and
- Other financial liabilities measured at amortized cost using the EIR method.

The category of financial liability at FVPL has two sub-categories:

- Designated: A financial liability that is designated by the entity as a liability at FVPL upon initial recognition; and
- Held for trading: A financial liability classified as held for trading, such as an obligation for securities borrowed in a short sale, which have to be returned in the future. This category also includes derivative financial instruments entered into by the Company that are not designated as hedging instruments in hedge relationships. Separated embedded derivatives are also classified as held for trading unless they are designated as effective hedging instruments.

All financial liabilities are recognised initially when the Company becomes party to contractual provisions and obligations under the financial instrument. The liabilities are recorded at fair value, and in the case of loans and borrowings and payables, the proceeds received net of directly attributable transaction costs.

Subsequent measurement

Financial liabilities at FVPL continue to be recorded at fair value with changes being recorded in the statement of profit or loss.

For other financial liabilities, including loans and borrowings, after initial recognition, these are subsequently measured at amortized cost using the EIR method. Gains and losses are recognised in statement of profit or loss when the liabilities are de-recognised as well as through the EIR amortization process.

Amortized cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR method. The EIR amortization is included as finance costs in the statement of profit or loss.

Trade and other payables

These amounts represent liabilities for goods and services provided to the Company prior to the end of financial period which are unpaid. They are recognised initially at their fair value and subsequently measured at amortized cost using the EIR method.

Financial guarantee contracts

Financial guarantee contracts are recognised as a financial liability at the time the guarantee is issued. The liability is initially measured at fair value adjusted for transaction costs that are directly attributable to the issuance of the guarantee. The fair value of financial guarantee is determined as the present value of the difference in net cash flows between the contractual payments under the debt instrument and the payments that would be required without the guarantee, or the estimated amount that would be payable to a third party for assuming the obligation

3 SIGNIFICANT ACCOUNTING POLICIES (continued)

Financial instruments (continued)

ii) Financial liabilities (continued)

Where guarantees in relation to loans or other payables of associates are provided for no compensation, the fair values are accounted for as contributions and recognised as part of the cost of the investment.

De-recognition

A financial liability is de-recognised when the obligation under the liability is settled or discharged. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as the de-recognition of the original liability and the recognition of a new liability. The difference in the respective carrying amounts is recognised in the statement of profit or loss.

Offsetting of financial instruments
Financial assets and financial liabilities are offset and the net amount is reported in the consolidated statement of financial position if there is a currently enforceable legal right to offset the recognised amounts and there is an intention to settle on a net basis, to realize the assets and settle the liabilities simultaneously.

Provisions
Provisions are recognised when the Group has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. Provisions are not recognised for future operating losses.

Where there are a number of similar obligations, the likelihood that an outflow will be required in settlement is determined by considering the class of obligations as a whole. A provision is recognised even if the likelihood of an outflow with respect to any one item included in the same class of obligations may be small.

Provisions are measured at the present value of management's best estimate of the expenditure required to settle the present obligation at the end of the reporting period. The discount rate used to determine the present value is a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to liability. The increase in the provision due to the passage of time is recognised as interest expense.

Employee benefits

End of service benefits
The Company primarily has end of service benefits which qualifies as defined benefit plans.

The pension liability recognised in the consolidated statement of financial position is the present value of the projected Defined Benefit Obligation ("DBO") at the reporting date.

DBO is re-measured on a periodic basis by independent actuaries using the projected unit credit method. The present value of the DBO is determined by discounting the estimated future cash outflows using interest rates of high-quality Company bonds that are denominated in the currency in which the benefits will be paid, and that have terms approximating to the terms of the related obligation. For instances where there is no deep market in such bonds, the market rates on government bonds are used. As Kingdom of Saudi Arabia does not have a deep market in high quality corporate bonds, the discount rate was determined based on available information of Kingdom of Saudi Arabia sovereign bond yields.

The net interest cost is calculated by applying the discount rate to the net balance of the DBO. This cost is included in employees' related costs in the consolidated statement of comprehensive income.

Re-measurement gains and losses arising from changes in actuarial assumptions are recognised in the period in which they occur in OCI. Changes in the present value of the DBO resulting from plan amendments or curtailments are recognised immediately in the consolidated statement of comprehensive income as past service costs.

Current and past service costs related to end of service indemnities and unwinding of the liability at discount rates used are recognised immediately in the consolidated statement of comprehensive income. Any changes in net liability due to actuarial valuations and changes in assumptions are taken as re-measurement in OCI.

3 SIGNIFICANT ACCOUNTING POLICIES (continued)

Employee benefits (continued)

End of service benefits (continued)

The actuarial valuation process takes into consideration the provisions of the Saudi Arabian Labor Laws and Workmen Law as well as the Company's policy.

Retirement benefits
The Company pays retirement contributions for its national employees to the General Organization for Social Insurance. This represents a defined contribution plan. The payments made are expensed as incurred.

Short-term employee benefits
A liability is recognised for benefits accruing to employees in respect of wages and salaries, annual leave and sick leave in the period the related service is rendered at the undiscounted amount of the benefits expected to be paid in exchange for that service. The liabilities are presented as current employee benefit obligations in the consolidated statement of financial position.
Liabilities recognised in respect of short-term employee benefits are measured at the undiscounted amount of the benefits expected to be paid in exchange for the related service.

Cash and cash equivalents

Cash and cash equivalents include cash on hand and bank balances that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value.

Impairment of non-financial assets

At the end of each reporting period, the Company reviews the carrying amounts of its non-financial assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). When it is not possible to estimate the recoverable amount of an individual asset, the Company estimates the recoverable amount of the cash-generating unit to which the asset belongs. When a reasonable and consistent basis of allocation can be identified, Company assets are also allocated to individual cash-generating units, or otherwise they are allocated to the smallest Company of cash-generating units for which a reasonable and consistent allocation basis can be identified.

Recoverable amount is the higher of fair value less costs of disposal and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted

If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (or cash-generating unit) is reduced to its recoverable amount. An impairment loss is recognised immediately in the profit or loss.

When an impairment loss subsequently reverses, the carrying amount of the asset (or a cash-generating unit), except for goodwill, is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset (or cash-generating unit) in prior years. A reversal of an impairment loss is recognised immediately in the profit or loss.

Contingencies

Contingent liabilities are not recognised in the consolidated financial statements. They are disclosed unless the possibility of an outflow of resources embodying economic benefits is remote. Contingent assets are not recognised in the consolidated financial statements but disclosed when an inflow of economic benefits is probable.

Fair value measurement
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.

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3 SIGNIFICANT ACCOUNTING POLICIES (continued)

Fair value measurement (continued)

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.
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 consolidated financial statements are categorized within the fair value hierarchy, 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 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.

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.

Statutory reserve

In accordance with the Companies' Law and the Company's bylaws, 10% of net income for the year is transferred to statutory reserve. The Company may discontinue such transfer when the reserve equals 30% of the share capital. This reserve is not available for distribution.

Revenue from contracts with customers

Revenue from contracts with customers is recognized using the five-step model:

i) identify the contract with a customer;
ii) identify the performance obligations (distinct elements that are part of a single contract but are separated for accounting purposes) in the contract;
iii) determine the transaction price;
iv) allocate the transaction price to the performance obligations in the contract;
v) recognize revenue when (or as) the entity satisfies a performance obligation, which is when the customer obtains control of the good or service which can take place over time or at a point in time.

Revenue is measured based on the consideration specified in a contract with the customer. The Group recognizes revenue when it transfers control over a good or service to a customer. The specific recognition criteria described below must also be met before the revenue is recognized.

Contract revenue

Contract revenues are recognised on percentage of completion method for each contract, which is determined based on the proportion of actual costs to the estimated cost required to complete the contract. The cost of contract includes the cost and general administrative expenses that are directly attributable to the contract from the date of securing the contract to its final completion. Changes in cost estimates and losses on uncompleted contracts, if any, are recognized in the period they are determined. When it is probable that the total contract costs will exceed the total contract revenues, the expected loss is recognized immediately.

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3 SIGNIFICANT ACCOUNTING POLICIES (continued)

Contract revenue (continued)

Type of product/service	Nature and timing of satisfaction of performance obligations, including significant payment terms	Revenue recognition policies
Platform development	Invoices for platform development are issued on a monthly basis are usually payable within 30 days. Un-invoiced amounts are presented as contract assets.	Revenue is recognized over time based on the cost-to-cost method determined based on the proportion of actual costs to the estimated cost required to complete the contract. The cost of contract includes the cost and general administrative expenses that are directly attributable to the contract from the date of securing the contract to its final completion. Changes in cost estimates and losses on uncompleted contracts, if any, are recognized in the period they are determined. When it is probable that the total contract costs will exceed the total contract revenues, the expected loss is recognized immediately. The related costs are recognized in profit or loss when they are incurred. Advances received are included in contract liabilities.
Platform maintenance	Invoices are issued according to contractual terms and are usually payable within 30 days.	Revenue and associated costs are recognized over time. Progress is determined based on the cost-to-cost method.
Manpower supply	Invoices are issued according to contractual terms and are usually payable within 30 days.	Revenue and associated costs are recognized over time. Progress is determined based on the cost-to-cost method.

- *Contract assets and liabilities*

When either party to a contract has performed, an entity shall present the contract in the consolidated statement of financial position as a contract asset or a contract liability, depending on the relationship between the entity's performance and the customer's payment. A contract asset is an entity's right to consideration in exchange for goods or services that the entity has transferred to a customer. A contract liability is an entity's obligation to transfer goods or services to a customer for which the entity has received consideration (or an amount of consideration is due) from the customer.

- *Principal versus agent consideration*

The Company has evaluated its arrangements to determine whether it is a principal, and report revenues on a gross basis, or an agent, and report revenues on a net basis. In this assessment, the Company has considered if it has obtained control of the specified goods or services before they are transferred to the customer, as well as other indicators such as the party primarily responsible for fulfillment, inventory risk, and discretion in establishing price.

Where the Company performs agency related activities under a contract, the Company only recognizes net commission income, as the Company arranges for another party to transfer goods or services under such arrangement and accordingly is acting as an agent.

Other income

All other incomes are recognized on an accrual basis when the Group's right to earn the income is established.

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3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Expenses

Selling and distribution expenses principally comprise of costs incurred in the distribution and sale of the Company's products and services.

General and administration expenses include indirect costs not specifically part of cost of sales or selling and distribution expenses as required under IFRSs as endorsed in KSA. Allocations between general and administration expenses, cost of sales and selling & distribution expenses, when required, are made on a consistent basis.

Borrowing costs

Borrowing costs directly attributable to the acquisition, construction or production of an asset that necessarily takes a substantial period of time to get ready for its intended use or sale are capitalized as part of the cost of the asset.

All other borrowing costs are expensed in the period in which they occur. Borrowing costs consist of finance and other costs that an entity incurs in connection with the borrowing of funds.

The interest capitalized is calculated using the Group weighted average cost of borrowings after adjusting for borrowings associated with specific developments. Where borrowings are associated with specific developments, the amount capitalized is the gross interest incurred on those borrowings less any investment income arising on their temporary investment. Interest is capitalized as from the commencement of the development work until the date of practical completion, when substantially all of the development work is completed.

The capitalization of borrowing costs is suspended if there are prolonged periods when development activity is interrupted. Borrowing costs is also capitalized on the purchase cost of a site of property acquired specifically for redevelopment, but only where activities necessary to prepare the asset for redevelopment are in progress.

Zakat and Value Added Tax (VAT)

Zakat is provided for the Company in the Kingdom of Saudi Arabia in accordance with the Regulations of Zakat, Tax and Customs Authority (the "ZATCA") in the Kingdom of Saudi Arabia, and the provision is charged to the consolidated statement of comprehensive income.

Expenses, and assets are recognised net of the amount of VAT, except:

- When the VAT incurred on a purchase of assets or services is not recoverable from the Zakat, Tax and Customs Authority, in which case, the VAT is recognised as part of the cost of acquisition of the asset or as part of the expense item, as applicable; and/or
- When receivables and payables are stated with the amount of VAT included.

The net amount of VAT recoverable from or payable to the Zakat, Tax and Customs Authority is included as part of receivables or payables in the consolidated statement of financial position.

Dividends

Dividend distribution to the Group's shareholders is recognised as a liability in the Group's consolidated financial statements in the year in which the dividends are approved by the Group's shareholders.

Segment reporting

An operating segment is a component of the Group that engages in business activities from which it may earn revenues and incur expenses, including revenues and expenses that relate to transactions with any of the Group's other components. All operating segments' operating results are reviewed by the decision makers to make decision about resources to be allocated to the segment and to assess its performance, and for which discrete financial information is available.

Segment results that are reported includes items directly attributable to a segment as well as those that can be allocated on a reasonable basis.

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4. SIGNIFICANT ACCOUNTING ESTIMATES, ASSUMPTIONS AND JUDGEMENTS

The preparation of the Company's consolidated financial statements require management to make judgements, estimates and assumptions that affect the reported amounts of revenues, expenses and assets and liabilities at the reporting date. However, uncertainty about these assumptions and estimates could result in outcomes that could require a material adjustment to the carrying amount of the asset or liability affected in the future. These estimates and assumptions are based upon experience and various other factors that are believed to be reasonable under the circumstances and are used to judge the carrying values of assets and liabilities that are not readily apparent from other sources. The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimates are revised or in the revision period and future periods if the changed estimates affect both current and future periods.

The following critical judgements and estimates have the most significant effect on the amounts recognised in the consolidated financial statements:

Useful lives and residual values of property and equipment and intangible assets
An estimate of the useful lives and residual values of property and equipment and intangible assets is made for the purposes of calculating depreciation and amortization, respectively. These estimates are made based on expected usage for useful lives. Residual value is determined based on experience and observable data where available.

Contract cost estimation
The Company recognizes contract revenue by reference to the stage of completion of the activity at the reporting date, when the outcome of a contract can be estimated reliably. The stage of completion is measured by reference to the proportion that contract costs incurred for work performed to date bear to the estimated total contract costs. Assumptions are required to estimate the total estimated contract costs and the recoverable variation works that will affect the stage of completion. The estimates are made based on past experience and knowledge of the project engineers and other technical team. The accuracy of these estimates is likely to have an impact on the amount of revenue and related profits recognised.

At the end of each reporting period, the Company is required to estimate costs to complete the contracts based on work to be performed beyond the reporting period. This involves objective evaluation of project progress against the schedule, evaluation of work to be performed and the associated costs to fully deliver the contract to the customer. This estimate will impact contract revenue and costs, contract assets, contract liabilities and accrued project costs. The measurement of contract revenue is affected by a variety of uncertainties (including cost estimation) that depend on the outcome of future events. The estimates often need to be revised as events occur and uncertainties are resolved. Therefore, the amount of contract revenue recognised may increase or decrease from period to period.

Defined benefit plan
Employee benefits obligation represent obligations that will be settled in the future and require assumptions to project obligations. IFRS requires management to make further assumptions regarding variables such as discount rates, rate of compensation increases, mortality rates, employment turnover and future healthcare costs. The Group's management use an independent actuary for performing this calculation. Changes in key assumptions can have a significant impact on the projected benefit obligation and/or periodic employees' benefits costs incurred.

Measurement of the expected credit loss allowance
The measurement of the expected credit loss allowance for financial assets measured at amortised cost and FVOCI is an area that requires the use of complex models and significant assumptions about future economic conditions and credit behaviour (e.g. the likelihood of customers defaulting and the resulting losses). Explanation of the input, assumptions and estimation techniques used in measuring ECL is further detailed in note 3.10 (ii) Impairment - Financial assets.

Impairment of non-financial assets
An impairment exists when the carrying value of an asset or CGU exceeds its recoverable amount, which is the higher of its fair value less costs of disposal and its value in use. The fair value less costs of disposal calculation is based on available data from binding sales transactions, conducted at arm's length for similar assets or observable market prices less incremental costs for disposing of the asset. The value in use calculation is based on a discounted cash flow (DCF) model. The cash flows are derived from the budget for the next five years and do not include restructuring activities that the Company is not yet committed to or significant future investments that will enhance the asset's performance of the CGU being tested. The recoverable amount is most sensitive to the discount rate used for the DCF model as well as the expected future cash-inflows and the growth rate used for extrapolation purposes.

4. SIGNIFICANT ACCOUNTING ESTIMATES, ASSUMPTIONS AND JUDGEMENTS (continued)

Provisions
Provisions are recognized when the Group has a present obligation (legal or constructive) as a result of a past event, it is probable that the Group will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation.

The amount recognized as a provision is the best estimate of the consideration required to settle the present obligation at the reporting date, taking into account the risks and uncertainties surrounding the obligation. Where a provision is measured using the cash flows estimated to settle the present obligation, its carrying amount is the present value of those cash flows.

Going concern
The Group's management has made an assessment of its ability to continue as a going concern and is satisfied that it has the resources to continue in business for the foreseeable future. Furthermore, management is not aware of any material uncertainties that may cast significant doubt upon the Group's ability to continue as a going concern. Therefore, these consolidated financial statements continue to be prepared on the going concern basis.

Determining the lease term of contracts with renewal and terminations options
The Company determines the lease term as the non-cancellable term of the lease, together with any periods covered by an option to extend the lease if it is reasonably certain to be exercised, or any periods covered by an option to terminate the lease, if it is reasonably certain not to be exercised.

The Company has several lease contracts that include extension and termination clauses. The Company applies judgement in evaluating whether it is reasonably certain whether or not to exercise the option to renew or terminate the lease. That is, it considers all relevant factors that create an economic incentive for it to exercise either the renal or termination. After the commencement date, the Company reassesses the lease term if there is a significant event or change in the circumstances that is within its control and affects its ability to exercise or not to exercise the option to renew or to terminate the contract.

Incremental borrowing rate for lease agreements
The Company cannot readily determine the interest rate implicit in the lease agreement, therefore, it uses its Incremental Borrowing Rate ("IBR") to measure lease liabilities. The IBR is the rate of interest that the Company would have to pay to borrow over a similar term, and with a similar security, the funds necessary to obtain an asset of a similar value to the right of use asset in a similar economic environment. The IBR therefore reflects what the Company 'would have to pay', which requires estimation when no observable rates are available, such as for subsidiaries that do not enter into financing transactions or when they need to be adjusted to reflect the terms and conditions of the lease. The Company estimates the IBR using observable inputs, such as market interest rates when available and is required to make certain entity-specific estimates.

Zakat
The Group and its subsidiary are subject to zakat in accordance with the Regulations of Zakat, Tax and Customs Authority (the "ZATCA") in the Kingdom of Saudi Arabia, and the provision is charged to the statement of income. Additional zakat liabilities, if any, resulting from the final assessments raised by (the "ZATCA") for previous years are accounted for in the year in which this final assessment is issued.

5. NEW STANDARDS AND AMENDMENTS ISSUED BUT NOT YET EFFECTIVE

The new and amended standards and interpretations that are issued, but not yet effective, up to the date of issuance of the Group's interim condensed consolidated financial statements are disclosed below. The Group intends to adopt these new and amended standards and interpretations, if applicable, when they become effective.

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5. NEW STANDARDS AND AMENDMENTS ISSUED BUT NOT YET EFFECTIVE (continued)

Effective for annual financial periods beginning on or after	Standard, amendment or interpretation	Summary of requirements
1 January 2024	Amendments to IAS 1, Presentation of financial statements', on classification of liabilities	These narrow-scope amendments to IAS 1, 'Presentation of financial statements', clarify that liabilities are classified as either current or noncurrent, depending on the rights that exist at the end of the reporting period.
1 January 2023	Narrow scope amendments to IAS 1, Practice statement 2 and IAS 8	The amendments aim to improve accounting policy disclosures and to help users of the financial statements to distinguish between changes in accounting estimates and changes in accounting policies.
1 January 2023	Amendment to IAS 12- deferred tax related to assets and liabilities arising from a single transaction	These amendments require companies to recognize deferred tax on transactions that, on initial recognition give rise to equal amounts of taxable and deductible temporary differences.
1 January 2023	IFRS 17, 'Insurance contracts', as amended in June 2020	This standard replaces IFRS 4, which currently permits a wide variety of practices in accounting for insurance contracts. IFRS 17 will fundamentally change the accounting by all entities that issue insurance contracts and investment contracts with discretionary participation features.

6. PROPERTY AND EQUIPMENT

	Computers & equipment	*Furniture & fixtures*	*Leasehold improvement*	***Total 30 June 2022***
	SR	*SR*	*SR*	***SR***
Cost:				
At 1 July 2021	457,981	363,954	583,934	**1,405,869**
Additions during the year	377,350	715,032	5,975,769	**7,068,151**
Disposals during the year	-	(363,474)	(583,934)	**(947,408)**
At 30 June 2022	835,331	715,512	5,975,769	**7,526,612**
Depreciation:				
At 1 July 2021	176,877	112,774	117,701	**407,352**
Depreciation charge for the year (note 27)	151,799	58,180	147,988	**357,967**
Disposals during the year	-	(158,073)	(190,378)	**(348,451)**
At 30 June 2022	328,676	12,881	75,311	**416,868**
Net book value:				
At 30 June 2022	**506,655**	**702,631**	**5,900,458**	**7,109,744**

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6. PROPERTY AND EQUIPMENT (continued)

	Computers & equipment	*Furniture & fixtures*	*Leasehold improvement*	*Total 30 June 2021*
	SR	*SR*	*SR*	*SR*
Cost:				
At 1 July 2020	361,940	305,011	583,934	1,250,885
Additions during the year	105,434	58,943	-	164,377
Disposals during the year	(9,393)	-	-	(9,393)
At 30 June 2021	457,981	363,954	583,934	1,405,869
Depreciation:				
At 1 July 2020	76,073	62,717	34,282	173,072
Depreciation charge for the year	104,141	50,057	83,419	237,617
Disposals during the year	(3,337)	-	-	(3,337)
At 30 June 2021	176,877	112,774	117,701	407,352
Net book value:				
At 30 June 2021	281,104	251,180	466,233	998,517

7. RIGHT OF USE ASSET

During the year the Group has entered into various lease agreements both as lessee and sub-lessor. The Group's lease payments are fixed over the lease terms and the payments for the leases are discounted using an incremental borrowing rate of 7.45%.

	30 June 2022	*30 June 2021*
	SR	*SR*
At the beginning of the year	**234,277**	685,698
Additions during the year	**13,732,860**	-
Disposals during the year (*)	**(3,951,902)**	-
Depreciation charge for the year (note 27)	**(438,047)**	(451,421)
At the end of the year	**9,577,188**	234,277

(*) Disposals during the year related to the sub lease of the head office building, as the Group has sub leased one floor to a different tenant (note 10).

8. INTANGIBLE ASSETS

The Group has established online platforms from which the Group expects to receive future economic benefits.

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8. INTANGIBLE ASSETS (continued)

	30 June 2022 SR	*30 June 2021 SR*
Cost:		
At the beginning of the year	**935,672**	6,433,868
Additions during the year	**471,854**	583,476
Disposals during the year	-	(6,081,672)
At the end of the year	**1,407,526**	935,672
Accumulated amortization:		
At the beginning of the year	**638,686**	328,255
Amortization charge for the year (note 25)	**296,986**	742,333
Disposals during the year	-	(431,902)
At the end of the year	**935,672**	638,686
Net book value	**471,854**	296,986

9. INVESTMENT IN AN ASSOCIATE

During the year, the Group made following investments in associates.

	Percentage of ownership	
Name	***30 June 2022***	*30 June 2021*
National Real Estate Platform (Aqarek) Company	**34.2%**	-

Name of the entity		*Relationship*	*Shareholding*	*Value at 30 June 2022*
National Real Estate Platform (Aqarek) Company	9.1	Associate	34.2%	1,891,258

	30 June 2022
At the beginning of the year	-
Additions during the year	**1,140,000**
Disposal during the year	**(114,000)**
Share in profit from investment in an associate	**865,258**
At the end of the year	**1,891,258**

During the year ended 30 June 2022, the Group established National Real Estate Platform (Aqarek) and initially hold 38% shares of Company and at the end year sold 3.8% holding, that having a carrying value of SR 114,000, and this has resulted in a gain of SR 4,778,000 (note 22) and Group still hold significant influence over the investee Company.

National Real Estate Platform (Aqarek) Company is a limited liability company. The Company is engaged in real estate activities, consultancy, advisory services, computer programming, data processing and web related activities.

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9. INVESTMENT IN AN ASSOCIATE (continued)

Summarized financial information in respect of the Group's associate is set out below. The summarized financial information below represents amounts shown in the associate's financial statements.

Statement of financial position	***30 June 2022 SR***	*30 June 2021 SR*
Current assets	**32,234,187**	-
Non-current assets	**23,573**	-
Current liabilities	**(29,673,805)**	-
Non-current liabilities	**(28,960)**	-
Equity	**2,554,995**	-

Statement of comprehensive income	***30 June 2022 SR***	*30 June 2021 SR*
Revenue	**9,794,742**	-
Total comprehensive income for the year	**2,454,995**	-

10. NET INVESTMENT IN LEASE

During the year, the Group entered into an agreement with Real Estate Projects Fund Company, whereby the Group leased the three floor building for a period of 8 years. The Group became a lessee and therefore had to record a right of use asset and lease liability under IFRS 16. However, during the same month, the Company sub-leased floor 2 and 3 to two different tenants. Floor 2 was sub-leased for the 2 years, while floor 3 was sub-leased for a period of 8 years. The sublease of floor 2 was categorized as an operating lease while floor 3 was categorized as a finance lease. As a result, the Group recognized 'net investment in lease' for the sub-lease. The movement is as follows:

	30 June 2022 SR
At the beginning of the year	**-**
Additions during the year	**5,537,280**
Payment received during the year	**(336,000)**
At the end of the year	**5,201,280**

Lease payments receivable are disclosed in the consolidated statement of financial position as follows:

	30 June 2022 SR
Current	**772,000**
Non-current	**4,429,280**
Total	**5,201,280**

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11. FINANCIAL ASSETS AT FAIR VALUE THROUH OTHER COMPREHENSIVE INCOME

	Country	Ownership interest (%) 30 June 2022	30 June 2021	30 June 2022 SR	30 June 2021 SR
Unquoted investments					
SITECH Inc. (a)	Cayman Islands	3.12%	3.12%	**1,127,100**	1,127,100
US & Global Tech Opportunities Holding Company (b)	Bahrain	0.74%	0.74%	**756,424**	751,400
				1,883,524	1,878,500

The movement in the unquoted investment during the year was as follows:

	30 June 2022 SR	30 June 2021 SR
At the beginning of the year	**1,878,500**	-
Additions during the year	-	1,878,500
Change in fair value	**5,024**	-
At the end of the year	**1,883,524**	1,878,500

(a) During the year ended 30 June 2021, the Group invested SR 1,127,100 to purchase 1,394 shares in Sitech Inc. which is a company established under the laws of the Cayman Islands (company number VC-343497), with its registered office at 19 Walkers Road, PO Box 2677, Grand Cayman, KY1-1111, Cayman Islands. The business of Sitech Inc. involves technology development and consulting services pursuant to which it will act as an incubator that will build software and products that are spun out into standalone businesses partly or wholly-owned by Sitech Inc. The Group's share in ownership is 3.12%.

(b) During the year ended 30 June 2021, the Group invested SR 751,400 to purchase 2,000 shares (0.74%) of US & Global Tech Opportunities Holding Company through GFH Financial Group B.S.C., P. O. Box 10006, Manama, Bahrain. The US & Global Tech Opportunities Holding Company is a collective investment vehicle investing in a portfolio of High-Growth, Next-Gen Tech Companies. The overall size of the collective investment vehicle is c. US$ 270 million.

12. FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

The movement of investment in FVPL during the year was as follows:

	30 June 2022 SR	30 June 2021 SR
At the beginning of the year	**10,000,000**	-
Additions	**20,486,284**	10,000,000
Disposals	**(13,486,284)**	-
At the end of the year	**17,000,000**	10,000,000

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12. FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS (continued)

During the year, the Group invested an amount of SR 17 million in a Mutual Fund through a brokerage company of a local bank in Saudi Arabia. The intention of the company is to take advantage of the upside movement in price, efficiently manage the short-term excess liquidity and record any gain or loss in the fair value to profit or loss account. The fair value of the investment as at 30 June 2022 remains unchanged at SR 17 million (30 June 2021: 10 million).

During the year, the Group sold financial assets at fair value through profit or loss and this has resulted in a gain of SR 441,171 (2021: nil).

13. RELATED PARTY TRANSACTIONS AND BALANCES

Related parties comprise of partners, key management personnel, directors and businesses which are controlled directly or indirectly or influenced by the partners, directors or key management personnel. In the normal course of business, the Company has various transactions with its related parties. Transactions are entered into with the related parties on terms and conditions approved by either the Company's management or its Board of Directors.

Related party:	**Nature of relationship:**
Saudi AZM Holding Company	Shareholder
Itmam Consultancy Company	Affiliate
AZM India Private Limited	Affiliate
AZM Financial Technology Company	Affiliate
Oqoud Company	Affiliate
Business Innovation Mine Company	Affiliate
Future Communications Company	Affiliate

Related party	**Nature of transaction**	***2022*** ***SR***	*2021* *SR*
AZM Financial Technology Company	Revenue	**6,880,311**	4,448,416
	expenses	**21,823,682**	5,047,075
Itmam Consultancy Company	Revenue	**-**	19,911,952
Business Innovation Mine Company	Revenue	**1,144,677**	2,976,053
	expenses	**435,925**	1,922,558

Related parties balances for the year ended were as follows:

Amounts due from related parties:	***30 June 2022*** **SR**	*30 June 2021* SR
AZM Financial Technology Company	**178,993**	1,960,744
Business Innovation Mine Company	**-**	3,578,573
ltmam Consultancy Company	**-**	2,683,407
AZM Holdings	**-**	1,721,824
AZM India Private Limited	**-**	25,350
	178,993	9,969,898

Compensation of key management personnel of the Company
Key management personnel compensation comprised the following:

	2022 **SR**	*2021* SR
Short-term employee benefits	**2,363,528**	2,169,831
End of service benefits	**252,875**	200,154
	2,616,403	2,369,985

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14. CONTRACT REVENUE, ASSETS & LIABILITIES

The contract assets primarily relate to the Group's rights to consideration for work completed but not billed at the reporting date. The contract assets are transferred to receivables when the rights become unconditional. This usually occurs when the Group issues an invoice to the customer.

	30 June 2022 SR	*30 June 2021 SR*
Contract cost incurred	**121,749,747**	105,914,878
Add: recognized profits	**30,810,721**	29,228,137
Total revenue	**152,560,468**	135,143,015
Billing issued during the year	**(148,922,292)**	(148,678,035)
Contract liabilities	**9,910,860**	17,488,221
Contract assets, gross	**13,549,036**	3,953,201
Contract assets		
Contract assets, gross	**13,549,036**	3,953,201
Less: expected credit loss	**(106,325)**	(12,902)
Contract assets, net	**13,442,711**	3,940,299

Set out below is the movement in the provision for expected credit losses of Trade receivables:

At the beginning of the year	**(12,902)**	(267,305)
(Reversal) charged during the year	**(93,423)**	254,403
At the end of the year	**(106,325)**	(12,902)

Set out below is the disaggregation of the Company's revenue from contracts with customers:

	2022 SR	*2021 SR*
Major product / Service line		
Manpower	**89,445,689**	97,200,999
Platforms	**39,198,581**	16,410,337
Subscriptions	**9,333,691**	6,091,682
Services	**14,582,507**	15,439,997
	152,560,468	135,143,015
Type of customers		
Government Customer	**85,500,721**	80,701,034
Semi-government Customer	**34,555,054**	22,685,844
Private Customer	**32,504,693**	31,756,137
	152,560,468	135,143,015
Timing of revenue recognition		
Goods or services transferred to customers:		
- over time	**152,560,468**	135,143,015

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15. TRADE RECEIVABLES

	30 June 2022 SR	*30 June 2021 SR*
Trade receivables	**12,401,382**	34,368,344
Less: Allowance for expected credit losses	**(1,198,336)**	(561,341)
	11,203,046	33,807,003

Accounts receivable comprise of interest free net receivables due from customers with no credit rating. Unimpaired accounts receivable are expected, on the basis of past experience, to be fully recoverable. It is not the practice of the Group to obtain collateral over receivables and vast majority are, therefore, unsecured.

Set out below is the movement in the provision for expected credit losses of trade receivables:

	30 June 2022 SR	*30 June 2021 SR*
At the beginning of the year	**(561,341)**	(22,454)
Provision for expected credit losses	**(636,995)**	(538,887)
At the end of the year	**(1,198,336)**	(561,341)

The following table details the risk profile of accounts receivable based on the Group's provision matrix. As the Group's historical credit loss experience does not show significantly different loss pattern for different customer segments, the allowance for expected credit losses based on past due status is not further distinguished between the Group's different customer types.

30 June 2022	***Current SR***	***1- 90 days SR***	***91-180 days SR***	***180-270 days SR***	***271-365 days SR***	***More than 365 days SR***	***Total SR***
ECL rate %	**0.29%**	**1.30%**	**5.31%**	**25%**	**50%**	**100%**	
Gross carrying amount	**2,234,503**	**5,940,887**	**1,420,117**	**2,355,456**	**-**	**450,419**	**12,401,382**
Expected credit loss	**6,582**	**77,090**	**75,412**	**588,833**	**-**	**450,419**	**1,198,336**

30 June 2021	*Current SR*	*1- 90 days SR*	*91-180 days SR*	*180-270 days SR*	*271-365 days SR*	*More than 365 days SR*	*Total SR*
ECL rate %	0.39%	1.01%	25.15%	27.92%	50%	100%	
Gross carrying amount	24,883,488	8,930,250	52,491	195,919	-	306,196	34,368,344
Expected credit loss	97,046	90,196	13,202	54,701	-	306,196	561,341

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16. PREPAYMENTS AND OTHER CURRENT ASSETS

	30 June 2022 SR	*30 June 2021 SR*
Letters of bank guarantees	**8,400,912**	2,181,328
Advances against investment	**900,000**	900,000
Advances to suppliers	**716,930**	116,394
Prepaid expenses	**2,015,491**	533,273
Employees' advances	**381,902**	130,998
	12,415,235	3,861,993

17. BANK BALANCES

	30 June 2022 SR	*30 June 2021 SR*
Bank balances	**27,221,636**	13,669,469

18. SHARE CAPITAL

The share capital of the Group amounted to SR 30 million (30 June 2021: SR 30 million) divided into authorised and fully paid 3 million shares, (30 June 2021: 3 million shares) of SR 10 each share (30 June 2021: SR 10 each shares).

On 22 Shawwal 1442H (corresponding to 3 June 2021) the shareholders decided to increase its share capital from SR 0.5 million to SR 30 million by transferring SR 29.5 million from retained earnings to the share capital.

19. STATUTORY RESERVE

In accordance with the Companies' Law, the Group sets aside 10% of its net income each year as statutory reserve until such reserve equals to 30% of the share capital. This reserve is currently not available for distribution to the shareholders of the Group.

20. EMPLOYEES' BENEFITS BENEFIT LIABILITIES

The movement in provision for employee defined benefits liabilities for the year ended is as follows:

	30 June 2022 SR	*30 June 2021 SR*
Balance at the beginning of the year	**3,538,546**	1,811,578
Current service cost	**2,083,048**	1,691,146
Interest expense	**51,661**	21,556
Amount recognized in statement of income	**2,134,709**	1,712,702
Re-measurements		
Actuarial gain (loss)	**(172,102)**	189,227
Amount recognized in other comprehensive income	**(172,102)**	189,227
Benefits paid during the year	**(1,838,234)**	(174,961)
Balance at the end of the year	**3,662,919**	3,538,546

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20. EMPLOYEES' BENEFITS BENEFIT LIABILITIES (continued)

Significant actuarial assumptions

The Group carried out an employee benefits actuarial valuation, using the projected unit credit method, of its liability as at 30 June 2022 and 2021 arising from the end of service benefits to qualifying in-service employees.

The following were the principal actuarial assumptions:

	30 June 2022	*30 June 2021*
Key actuarial assumptions		
Discount rate used	**3.95%**	1.5%
Salary growth rate	**5.5%**	2.5%

Sensitivity analysis

Reasonably possible changes as to one of the relevant actuarial assumptions, holding other assumptions constant, would have affected the defined benefit obligation. The following is a sensitivity analysis for the salary inflation and discount rate assumptions that were performed at the previous and current valuation date:

	30 June 2022		*30 June 2021*	
	Base	***1% increase SR***	*Base*	*1% increase SR*
Discount rate	**3.95%**	**4,083,436**	1.5%	3,791,276
Salary growth rate	**5.5%**	**(3,578,086)**	2.5%	(3,320,892)

Risks associated with defined benefit plans

(a) Longevity risks:

The risk arises when the actual lifetime of retirees is longer than expectation. This risk is measured at the plan level over the entire retiree population.

(b) Salary increase risk:

The most common type of retirement benefit is one where the benefit is linked with final salary. The risk arises when the actual salary increases are higher than expectation and impacts the liability accordingly.

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21. LONG AND SHORT-TERM LOANS

The Group has entered into agreement to obtain long term and short-term loans from two local commercial banks and a financing company in the Kingdom of Saudi Arabia in the form of Murabaha contracts facilities outstanding amounting to SR 2 million (30 June 2021: SR 11.6 million) with variable commission rates. These loans are secured by personal guarantees of the shareholders and promissory notes.

Total facilities utilized for the year are as follows:

	30 June 2022 SR	*30 June 2021 SR*
At the beginning of the year	**11,709,037**	22,593,564
Payments during the year	**(9,696,431)**	(10,923,935)
At the end of the year	**2,012,606**	11,669,629
Current liabilities	**(2,012,606)**	(9,880,896)
Non-current liabilities	**-**	1,788,733

22. LEASE LIABILITIES

	30 June 2022 SR	*30 June 2021 SR*
At the beginning of the year	**181,314**	647,300
Additions during the year	**13,732,860**	-
Payments during the year	**(1,307,214)**	(487,520)
Interest on lease liabilities	**255,774**	21,534
Prepaid interest on lease liabilities	**255,774**	-
At the end of the year	**13,118,508**	181,314
Current portion	**(2,251,800)**	(181,314)
Non-Current portion	**10,866,708**	-
Following is the aggregate maturities of lease liabilities:		
Within one year	**2,251,800**	181,314
Two to five years	**9,007,200**	-
More than five years	**6,169,932**	-
Total undiscounted lease commitments	**17,428,932**	181,314

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22. LEASE LIABILITIES (continued)

	30 June 2022 SR	*30 June 2021 SR*
Future minimum lease payment	**17,428,932**	181,314
Less: un-amortized finance charges	**(4,310,424)**	-
Present value of minimum lease payment	**13,118,508**	181,314
Less: current-portion of lease payment	**(2,251,800)**	(181,314)
Non-current portion	**10,866,708**	-

23. ACCRUED EXPENSES AND OTHER LIABILITIES

	30 June 2022 SR	*30 June 2021 SR*
Accrued salaries and related benefits	**10,587,773**	9,589,597
Unearned finance income	**1,362,681**	-
Security deposit	**115,355**	-
VAT Payable	**555,542**	1,456,726
Withholding tax payable	**350,078**	21,786
Retention payable	**433,295**	-
Unearned income	**892,606**	-
	14,297,330	11,068,109
Non-current portion	**(1,186,501)**	-
Current portion	**13,110,829**	11,068,109

24. ZAKAT

Charge for the year

Zakat charge for the year consists of the following:

	30 June 2022 SR	*30 June 2021 SR*
Provided for the year	**1,578,716**	955,921
Adjustments relating to previous years	**(185,915)**	-
	1,392,801	955,921

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24. ZAKAT (continued)

Charge for the year (continued)

The major components of the zakat base are as follow:

	30 June 2022 SR	*30 June 2021 SR*
Equity	**32,554,318**	**17,207,452**
Opening provisions and other adjustments	**31,246,075**	**3,218,938**
Book value of long-term assets	**(25,229,466)**	**(1,529,780)**
	38,570,927	**18,896,610**
Adjusted profit for the year	**23,379,184**	**18,743,603**
Zakat base	**61,950,111**	**37,640,213**

The differences between the financial and the zakatable results are mainly due to provisions which are not allowed in the calculation of zakatable income.

The movement in provision for zakat during the year is as follows:

	30 June 2022 SR	*30 June 2021 SR*
At the beginning of the year	**941,005**	539,319
Charge during the year	**1,392,801**	955,921
Paid during the year	**(752,608)**	(554,235)
At the end of the year	**1,581,198**	941,005

Status of zakat assessments

The Group filed its zakat return to the Zakat, Tax and Customs Authority ("ZATCA") up to the financial year ended 30 June 2021 and is still awaiting final zakat assessments.

25. COST OF REVENUE

	2022 SR	*2021 SR*
Salaries, wages and related costs	**98,878,921**	86,891,527
IT expenses	**8,312,597**	8,130,171
Travel, transport and vacations	**2,872,857**	3,644,882
Insurance	**2,469,293**	3,184,266
End of service benefits	**1,358,256**	1,634,293
Consulting	**6,685,127**	1,384,866
Amortization (note 8)	**296,986**	742,333
Rent	**45,000**	-
Others	**830,710**	302,540
	121,749,747	105,914,878

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26. SELLING AND DISTRIBUTION EXPENSES

	2022 *SR*	*2021* *SR*
Marketing	**1,350,740**	-
Exhibition fees	**58,396**	-
	1,409,136	-

27. GENERAL AND ADMINISTRATIVE EXPENSES

	2022 *SR*	*2021* *SR*
Salaries, wages and related costs	**8,121,462**	7,553,580
Depreciation of property and equipment (note 6)	**357,967**	237,618
Right-of-use assets depreciation (note 7)	**438,047**	451,421
Social insurance	**910,781**	557,149
Expected credit loss provision (note 15)	**730,418**	284,484
Tax expense	**285,716**	346,847
Professional fees	**1,568,443**	868,592
Insurance	**311,649**	158,215
IT expenses	**272,630**	140,632
Training expenses	**53,304**	77,703
End of service benefits	**599,645**	56,853
Others	**1,303,023**	2,038,235
	14,953,085	12,771,329

28. OTHER INCOME

	2022 *SR*	*2021* *SR*
Gain on disposal of investment in associates (note 9)	**4,778,000**	-
Gain on the sale of FVPL (note 12)	**441,171**	-
Gain on the disposal of right-of-use assets	**146,367**	-
Gain (loss) on disposal of property and equipment	**347,826**	(5,126)
Government assistance	**68,120**	814,500
Others	**82,060**	48,745
	5,863,544	858,119

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NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)
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29. EARNINGS PER SHARE

Basic earnings per share is calculated by dividing the income attributable to equity holders of the parent by the weighted average number of ordinary shares in issue during the year.

Diluted earnings per share is calculated by dividing the profit for the year by the adjusted weighted average number of ordinary shares outstanding during the year, to assume conversion of all dilutive potential shares into ordinary shares.

As at 30 June 2022 and 2021, diluted earnings per share is equal to basic earnings per share.

	30 June 2022 SR	*30 June 2021 SR*
Income attributable to equity holders of the parent	**19,104,434**	15,536,093
Weighted average number of ordinary shares	**3,000,000**	1,520,822
Basic and diluted, income per share	**6.37**	10.21

30. FINANCIAL ASSETS AND FINANCIAL LIABILITIES

Set out below is a summary of financial assets, other than cash and cash equivalents, held by the Group as at 30 June 2022 and 2021:

	30 June 2022 SR	*30 June 2021 SR*
Financial assets at amortised cost		
Trade receivables	**11,203,046**	33,807,003
Contract assets	**13,442,711**	3,940,299
Amounts due from related parties	**178,993**	9,969,898
Financial assets at measured at fair value		
Financial assets at fair value through OCI	**1,883,524**	1,878,500
Financial assets at fair value through profit and loss	**17,000,000**	10,000,000
Total financial assets	**43,708,274**	59,595,700
Total current	**41,824,750**	57,717,200
Total non-current	**1,883,524**	1,878,500

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NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)
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30. FINANCIAL ASSETS AND LIABILITIES (continued)

Set out below is a summary of financial liabilities, other than cash, held by the Group as at 30 June 2022 and 2021:

	30 June 2022 SR	*30 June 2021 SR*
Financial liabilities at amortised cost		
Long-term loans	**-**	1,788,733
Current portion of long-term loan	**2,012,606**	9,880,896
Trade payables	**11,192,609**	1,215,800
Contract liabilities	**9,910,860**	17,488,221
Total financial liabilities	**23,116,075**	30,373,650
Total current	**23,116,075**	28,584,917
Total non-current	**-**	1,788,733

The fair values of the financial assets and liabilities of the Group at the reporting date are not materially different from their carrying values as at 30 June 2022 and 2021.

31. FAIR VALUE HIERARCHY

The following table provides the fair value measurement hierarchy of the Group's financial assets as at 30 June 2022 and 2021. There are no financial liabilities measured at fair value.

		Fair value measurement using		
As at 30 June 2022	***Total SR***	***Quoted prices in active markets (Level 1) SR***	***Significant observable inputs (Level 2) SR***	***Significant unobservable inputs (Level 3) SR***
Financial assets measured at fair value				
Financial assets at fair value through other comprehensive income	**1,883,524**	-	-	**1,883,524**
Financial asssets measured at fair value				
Financial assets at fair value through profit and loss	**17,000,000**	**17,000,000**	-	-
As at 30 June 2021				
Financial assets measured at fair value				
Financial assets at fair value through other comprehensive income	1,878,500	-	-	1,878,500
Financial asssets measured at fair value				
Financial assets at fair value through profit and loss	10,000,000	10,000,000	-	-

31. FAIR VALUE HIERARCHY (continued)

There were no transfers between Level 1 and Level 2 fair value measurements during the year, and no transfers into or out of Level 3 fair value measurements during the year ended 30 June 2022.

All financial instruments for which fair value is recognised or disclosed are categorised within the fair value hierarchy, based on the lowest level input that is significant to the fair value measurement as a whole, as follows:

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.

32. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

Introduction
The Group's objective in managing risk is the creation and protection of shareholder value. Risk is inherent in the Group's activities, but it is managed through a process of ongoing identification, measurement and monitoring, subject to risk limits and other controls. The process of risk management is critical to the Group's continuing profitability. The Group is exposed to market risk (which includes interest rate risk, currency risk and price risk), liquidity risk, credit risk and investment holding period risk arising from the financial instruments it holds.

Financial risk factors
The Group's financial assets include cash and cash equivalents, trade receivables, contract assets, FVOCI and FVPL financial instruments that result directly from its operations. The Group's financial liabilities comprise of borrowings, contract liabilities, trade and other payables.

The Group is exposed to market risk (currency risk, interest rate risk), credit risk, and liquidity risk.

This note presents information about the Group's exposure to each of the above risks, the Group's objectives, policies and processes for measuring and managing risk, and the Group's management of capital.

Risk management framework
The Board of Directors has an overall responsibility for the establishment and oversight of the Group's risk management framework. The Board is responsible for developing and monitoring the Group's risk management policies. Management reports regularly to the Board of Directors on its activities.

The Group's risk management policies are established to identify and analyse the risks faced by the Group, to set appropriate risk limits and controls, and to monitor risks and adherence to limits. Risk management policies and systems are reviewed regularly to reflect changes in market conditions and the Group's activities. The Group, through its training and management standards and procedures, aims to develop a disciplined and constructive control environment in which all employees understand their roles and obligations.

Risk management structure
A cohesive organisational structure is established within the Group in order to identify, assess, monitor and control risks.

Board of Directors
The apex of risk governance is the centralised oversight of the Board of Directors providing direction and the necessary approvals of strategies and policies in order to achieve defined corporate goals.

Senior management
Senior management is responsible for the day to day operations towards achieving the strategic goals within the Group's pre-defined risk appetite.

Risk mitigation
The risks faced by the Group and the way these risks are mitigated by management are summarised below:

(i) Currency risk
Currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate due to changes in foreign exchange rates. In general, assets are typically funded in the same currency as that of the business being transacted to eliminate exchange exposures.

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NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)
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32. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (continued)

Risk mitigation (continued)

(ii) Interest rate risk
Interest rate risk is the risk that either fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates.

The Group's interest rate risk arises from its borrowings. Borrowings issued at variable rates expose the Group to change in cash flow due to change in interest rates. The Group manages its interest rate risk by having a mix of variable and fixed rate borrowings, and by entering into interest rate swaps in order to hedge certain interest rate exposures.

Interest rate sensitivity
The following table demonstrates a reasonably possible change of 100 basis points in interest rates at the reporting date would have increased (decreased) profit or loss by the amount shown below. The analysis assumes that all other variables, in particular foreign currency exchange rates, remain constant.

	Profit or loss	
	100 bp Increase SR	***100 bp Decrease SR***
30 June 2022		
Variable-rate instruments	**(170,000)**	**170,000**

	Profit or loss	
	100 bp Increase	*100 bp Decrease*
30 June 2021	*SR*	*SR*
Variable-rate instruments	(100,000)	100,000

(iii) Market risk
Market risk is the risk that changes in market prices, such as currency rates and interest rates that will affect the Group profit or the value of its holdings of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimizing the return.

(iv) Credit risk
Credit risk refers to the risk that a party to a financial instrument will default on its contractual obligations resulting in financial loss to the Group. The Group has adopted a policy of only dealing with creditworthy counterparties, for whom the credit risk is assessed to be low. The Group attempts to control credit risk by monitoring credit exposures, limiting transactions with specific non-related counterparties, and continually assessing the creditworthiness of such non-related counterparties. The Group maintains bank accounts with high credit rated financial institutions.

The table below shows the Group's maximum exposure to credit risk for components of the consolidated statement of financial position.

Financial Assets	***30 June 2022 SR***	*30 June 2021 SR*
Trade receivables	**11,203,046**	33,807,003
Contract assets	**13,442,711**	3,940,299
Amounts due from related parties	**178,993**	9,969,898
Financial assets at fair value through profit or loss	**17,000,000**	10,000,000
Financial assets at fair value through other comprehensive income	**1,883,524**	1,878,500
	43,708,274	59,595,700

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NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)
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32. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONTINUED)

(iv) Credit risk (continued)

Accounts receivable
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 associated with the industry and sector in which customers operate.

Loss rates are based on actual historic credit loss experience. These rates reflect differences between economic conditions during the year over which the historic data has been collected, current conditions and the Group view of economic conditions over the expected lives of the receivables. Scalar factors are based on actual and forecast gross domestic product growth. The Group provides for receivables by applying the simplified approach to assess the expected credit losses.

Credit concentration
Concentration of credit risk arises when a number of counter-parties are engaged in similar business activities, or activities in the same geographic region, or have similar economic features that would cause their ability to meet contractual obligations to be similarly affected by changes in economic political or other conditions.

No significant concentrations of credit risk were identified by the management as at the reporting date.

The management has conducted an assessment as required under IFRS 9 and based on such assessment, the management believes that there is no need for any significant impairment loss against the carrying value of cash and cash equivalents, due from related parties and other financial assets

The following table provides information about the exposure to credit risk and ECLs for accounts receivable and contract asset as at 30 June:

30 June 2022	***Gross carrying amount SR***	***Impairment loss SR***	***Loss allowance %***
Not due	**2,234,503**	**6,583**	**0.29%**
Past due 1-90 days	**5,940,887**	**77,090**	**1.30%**
Past due 91-180 days	**1,420,117**	**75,412**	**5.31%**
Past due 181-270 days	**2,355,456**	**588,864**	**25%**
Past due 271 - 365 days	**-**	**-**	**-**
More than 365 days	**450,419**	**450,387**	**100%**
	12,401,382	**1,198,336**	**9.66%**

30 June 2021	*Gross carrying amount SR*	*Impairment loss SR*	*Loss allowance %*
Not due	24,883,488	97,046	0.39%
Past due 1-90 days	8,930,250	90,196	1.01%
Past due 91-180 days	52,491	13,204	25.15%
Past due 181-270 days	195,919	54,701	27.92%
Past due 271 - 365 days	-	-	-
More than 365 days	306,196	306,196	100.00%
	34,368,344	561,341	1.67%

(v) Liquidity risk

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

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NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)
30 June 2022

32. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONTINUED)

(vi) Liquidity risk (continued)

Management believes that the Group is not exposed to significant risks in relation to liquidity and maintains different lines of credit.

The table below summarizes the maturity profile of the Group financial liabilities based on contractual undiscounted payments:

30 June 2022	***Carrying Amount SR***	***Contractual Cashflow SR***	***Within one year SR***
Current portion of long-term loan	**2,012,606**	**2,012,606**	**2,012,606**
Trade payables	**11,192,609**	**11,192,609**	**11,192,609**
Contract liabilities	**9,910,860**	**9,910,860**	**9,910,860**
Total	**23,116,075**	**23,116,075**	**23,116,075**

30 June 2021	*Carrying Amount SR*	*Contractual Cashflow SR*	*Within one year SR*
Current portion of long-term loan	9,880,896	9,880,896	9,880,896
Trade payables	1,215,800	1,215,800	1,215,800
Contract liabilities	17,488,221	17,488,221	17,488,221
Total	28,584,917	28,584,917	28,584,917

33 CAPITAL MANAGEMENT

Capital is equity attributable to the shareholders of the Group. The Group objectives when managing capital are to safeguard their ability to continue as a going concern, so that they can continue to provide returns for shareholders and benefits for other stakeholders and maintain an optimal capital structure to reduce the cost of capital.

The management 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 manages its capital structure and makes adjustments to it, in light of change in economic conditions. The management monitors the return on capital, which the Group defines as result from operating activities divided by total shareholders' equity. The management also monitors the level of dividends to the shareholders.

There were no changes in the Group's' approach to capital management during the year. The Group is not subject to externally imposed capital requirements. The Group's debt to adjusted capital ratio at the end of the reporting period was as follows:

	30 June 2022 SR	*30 June 2021 SR*
Total liabilities	**55,776,030**	46,102,624
Less: cash and cash equivalents	**(27,221,636)**	(13,669,469)
Net debt	**28,554,394**	32,433,155
Total equity	**51,820,439**	32,554,318
Gearing ratio	**0.55**	1.00

SAUDI AZM FOR COMMUNICATION AND INFORMATION TECHNOLOGY COMPANY
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NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)
30 June 2022

34 MATURITY ANALYSIS OF ASSETS AND LIABILITIES

The table below summarises the maturity profile of the Group's financial assets and liabilities based on contractual undiscounted receipts and payments:

30 June 2022	*Within 12 months SR*	*After 12 months SR*	*Total SR*
ASSETS			
Trade receivables	**11,203,046**	**-**	**11,203,046**
Contract assets	**13,442,711**	**-**	**13,442,711**
Amounts due from related parties	**178,993**	**-**	**178,993**
Financial assets at fair value through profit or loss	**17,000,000**	**-**	**17,000,000**
Financial assets at fair value through OCI	**-**	**1,883,524**	**1,883,524**
TOTAL ASSETS	**41,824,750**	**1,883,524**	**43,708,274**
LIABILITIES			
Trade payable	**11,192,609**	**-**	**11,192,609**
Current portion of long-term loan	**2,012,606**	**-**	**2,012,606**
Contract liabilities	**9,910,860**	**-**	**9,910,860**
TOTAL LIABILITIES	**23,116,075**	**-**	**23,116,075**

30 June 2021	*Within 12 months SR*	*After 12 months SR*	*Total SR*
ASSETS			
Trade receivables	33,807,003	-	33,807,003
Contract assets	3,940,299	-	3,940,299
Amounts due from related parties	9,969,898	-	9,969,898
Financial assets at fair value through profit or loss	10,000,000		10,000,000
Financial assets at fair value through other OCI	-	1,878,500	1,878,500
TOTAL ASSETS	57,717,200	1,878,500	59,595,700
LIABILITIES			
Trade payable	1,215,800	-	1,215,800
Long-term borrowings	-	1,788,733	1,788,733
Current portion of long-term borrowings	9,880,896	-	9,880,896
Contract liabilities	17,488,221	-	17,488,221
TOTAL LIABILITIES	28,584,917	1,788,733	30,373,650

35 SIGNIFICANT EVENT

As the COVID-19 pandemic continues, Government is constantly taking measures to address public health issues and the economic impact. Accordingly, the Group's management continues to assess whether it will be affected by any developments and measures taken by Government and proactively assess its impact on its operations.

It is still uncertain to determine the size and extent of these effects, depending on future developments that cannot be accurately predicted at the present time, such as the rate of transmission of the virus and the size and effectiveness of the measures taken to contain it. In light of the uncertainty of the economic impact, it is not possible to make a reliable estimate of the resulting impact on the date of approval of these consolidated financial statements.

SAUDI AZM FOR COMMUNICATION AND INFORMATION TECHNOLOGY COMPANY
(A SAUDI JOINT STOCK COMPANY)

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)
30 June 2022

36 CONTINGENCIES

At 30 June, the Group has contingencies for the following bank guarantees:

	2022 SR	2021 SR
Letter of guarantees	**21,704,103**	10,225,784

37 SEGMENT INFORMATION

The Group primarily operates its activities within the Kingdom of Saudi Arabia. Thus, the Group's segments are based on business and main activities. Business sectors of the Group represents the following main sectors:

- Manpower
- Platform
- Subscriptions
- Services

Analysis of revenue and gross profit of the aforementioned main sectors are as follows:

30 June 2022	***Manpower SR***	***Platform SR***	***Subscription SR***	***Services SR***	***Total SR***
Revenues	**89,445,689**	**39,198,581**	**9,333,691**	**14,582,507**	**152,560,468**
Cost of revenue	**(70,375,176)**	**(30,881,076)**	**(8,825,509)**	**(11,667,986)**	**(121,749,747)**
Gross profit	**19,070,513**	**8,317,505**	**508,182**	**2,914,521**	**30,810,721**

30 June 2021	*Manpower SR*	*Platform SR*	*Subscription SR*	*Services SR*	*Total SR*
Revenues	97,200,999	16,410,337	6,091,682	15,439,997	135,143,015
Cost of revenue	(79,374,586)	(9,913,461)	(5,626,496)	(11,000,334)	(105,914,877)
Gross profit	17,826,413	6,496,876	465,186	4,439,663	29,228,138

The Group management does not believe that distributing the property, plant and equipment for the Group's operations is appropriate to the internal administrative analysis. Accordingly, no information has been disclosed on the operating segments.

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

38 SUBSEQUENT EVENT

In the opinion of management, there have been no significant subsequent events since 30 June 2022 that would have a material impact on the financial position or financial performance of the Group as reflected in these consolidated financial statements.

39 APPROVAL OF THE CONSOLIDTED FINANCIAL STATEMENTS

The consolidated financial statements have been approved by the Board of Directors, on 29 Safar 1444H (corresponding to 25 September 2022).

6.2. Audited consolidated financial statements for the fiscal year ended June 30, 2023

SAUDI AZM FOR COMMUNICATION AND INFORMATION TECHNOLOGY COMPANY AND ITS SUBSIDIARIES (A SAUDI JOINT STOCK COMPANY)

CONSOLIDATED FINANCIAL STATEMENTS AND INDEPENDENT AUDITOR'S REPORT

30 JUNE 2023

SAUDI AZM FOR COMMUNICATION AND INFORMATION TECHNOLOGY COMPANY AND ITS SUBSIDIARIES
(A SAUDI JOINT STOCK COMPANY)

CONSOLIDATED FINANCIAL STATEMENTS AND INDEPENDENT AUDITOR'S REPORT
30 JUNE 2023

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Independent Auditor's Report
To the Shareholders of Saudi AZM For Communication and Information Technology Company
(A Saudi Joint Stock Company)

Opinion

We have audited the consolidated financial statements of Saudi AZM for Communication and Information Technology Company (the "Company") and its subsidiaries (collectively referred to as the "Group"), which comprise the consolidated statement of financial position as at 30 June 2023, and the consolidated statement of comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Group as at 30 June 2023, and its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with International Financial Reporting Standards that are endorsed in the Kingdom of Saudi Arabia and other standards and pronouncements that are endorsed by the Saudi Organization for Chartered and Professional Accountants ("IFRS as endorsed by SOCPA").

Basis for Opinion

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

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements of the current year. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming auditor's opinion thereon, and we do not provide a separate opinion on these matters. For the matter below, our description of how our audit addressed the matter is provided in that context.

We have fulfilled the responsibilities described in the Auditor's responsibilities for the audit of the Consolidated Financial Statements section of our report, including in relation to these matters. Accordingly, our audit included the performance of procedures designed to respond to our assessment of the risks of material misstatement of the consolidated financial statements. The results of our audit procedures, including the procedures performed to address the matter below, provide the basis for our audit opinion on the accompanying consolidated financial statements.

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Independent Auditor's Report
To the Shareholders of Saudi AZM for Communication and Information Technology Company
(A Saudi Joint Stock Company) (continued)

Key Audit Matters (continued)

Key audit matter	How our audit addressed the key audit matter
Revenue recognition The Group's revenue mainly comprises of sale of technology services and products totaling SR 190.3 million for the year ended 30 June 2023. We considered this as a key audit matter due to the application of revenue recognition in accordance with IFRS as endorsed by SOCPA requires key judgment and estimates by management, in particular with respect to estimating the stage of completion and the expected time to complete. Additionally, there are certain inherent risk associated with revenue, which mainly relates to customers' long-term contracts and the materiality of the amounts involved. Refer to note 3 for the accounting policy related to revenue recognition and note 15 for the related disclosures.	Our audit procedures included, among others, the following: • Obtained an understanding of the process of recognizing various revenue flows. • Assessed the Group's revenue recognition policy for compliance with IFRS as endorsed by SOCPA. • Performed analytical procedures by comparing expectations of revenue with the actual results and analysed the variances. • In relation to the criteria followed by the management to determine the appropriate level of revenue to be recognised we have on sample basis performed the following: - Evaluated management assessment related to performance obligations in line with the terms and conditions of contracts with customers; - Traced the transaction price to underlying contracts, on sample basis as executed with customers; - Evaluated management assessment to allocate transaction price to identified performance obligations; and - Evaluated whether the performance obligations are satisfied over period of time or at a point in time. • Assessed the adequacy of the relevant disclosures in the consolidated financial statements.

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Independent Auditor's Report
To the Shareholders of Saudi AZM for Communication and Information Technology Company
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Other information included in The Group's 2023 Annual Report

Other information consists of the information included in the Group's 2023 annual report, other than the consolidated financial statements and our auditor's report thereon. The Board of Directors is responsible for the other information in its annual report. The Group's 2023 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.

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

The Board of Directors is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with International Financial Reporting Standards that are endorsed in the Kingdom of Saudi Arabia and other standards and pronouncements that are endorsed by the Saudi Organization for Chartered and Professional Accountants and the provisions of Companies' Law and Company's By-laws, and for such internal control as the Board of Directors 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, the Board of Directors 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 the Board of Directors either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Group's financial reporting process.

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

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with 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 the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

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

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

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Independent Auditor's Report
To the Shareholders of Saudi AZM for Communication and Information Technology 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 the Board of Directors.
- Conclude on the appropriateness of the Board of Directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

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

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

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

for Ernst & Young
Professional Services

Saad M. Al-Khathlan
Certified Public Accountant
License No. (509)

Riyadh: 13 Rabi Al-Awwal 1445H
28 September 2023

EY
CR.1010383821
Ernst & Young Professional Services (Professional LLC)

SAUDI AZM FOR COMMUNICATION AND INFORMATION TECHNOLOGY COMPANY AND ITS SUBSIDIARIES
(A SAUDI JOINT STOCK COMPANY)

CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 30 JUNE 2023

	Notes	*30 June 2023 SR*	*30 June 2022 SR*
ASSETS			
NON-CURRENT ASSETS			
Property and equipment	6	**7,068,603**	7,109,744
Right-of-use asset	7	**8,354,568**	9,577,188
Intangible assets	8	**806,988**	471,854
Investment in an associate	9	**2,316,164**	789,258
Investment in finance lease	10	**3,857,280**	4,529,280
Financial assets at fair value through other comprehensive income	11	**1,770,881**	1,883,524
Financial assets at amortized cost	12	**24,995,169**	-
TOTAL NON-CURRENT ASSETS		**49,169,653**	24,360,848
CURRENT ASSETS			
Current portion of investment in finance lease	10	**672,000**	672,000
Due from related parties	14	**1,137,210**	1,280,993
Contract assets	15	**20,538,603**	13,442,711
Financial assets at fair value through profit or loss	13	**25,019,473**	17,000,000
Trade receivables	16	**23,919,701**	11,203,046
Prepayments and other current assets	17	**10,807,365**	12,415,235
Bank balances	18	**27,595,279**	27,221,636
TOTAL CURRENT ASSETS		**109,689,631**	83,235,621
TOTAL ASSETS		**158,859,284**	107,596,469
EQUITY AND LIABILITIES			
Share capital	19	**30,000,000**	30,000,000
Treasury stock	20	**(7,243,981)**	-
Statutory reserve	21	**5,923,890**	3,615,717
Retained earnings		**39,246,185**	18,220,161
Share based payment	20	**495,250**	-
Equity attributable to equity holders of the parent		**68,421,344**	51,835,878
Non-controlling interest		**859,978**	(15,439)
TOTAL EQUITY		**69,281,322**	51,820,439
NON-CURRENT LIABILITIES			
Employees' defined benefits liabilities	22	**5,081,100**	3,662,919
Long-term loans	23	**3,605,445**	-
Lease liabilities	24	**9,336,036**	10,866,708
Accrued expenses and other liabilities– non-current	25	**923,838**	1,186,501
TOTAL NON-CURRENT LIABILITIES		**18,946,419**	15,716,128
CURRENT LIABILITIES			
Current portion of long-term loan	23	**4,639,555**	2,012,606
Current portion of lease liabilities	24	**2,251,800**	2,251,800
Contract liabilities	15	**24,691,027**	9,910,860
Zakat and income tax provision	26	**2,486,702**	1,581,198
Accrued expenses and other liabilities- current	25	**24,772,991**	13,110,829
Due to related parties	14	**8,537,580**	-
Trade payable		**3,251,888**	11,192,609
TOTAL CURRENT LIABILITIES		**70,631,543**	40,059,902
TOTAL LIABILITIES		**89,577,962**	55,776,030
TOTAL EQUITY AND LIABILITIES		**158,859,284**	107,596,469

Chief Financial Officer	Chief Executive Officer	Chairman, Board of Directors

The accompanying notes 1 to 42 form an integral part of these consolidated financial statements

SAUDI AZM FOR COMMUNICATION AND INFORMATION TECHNOLOGY COMPANY AND ITS SUBSIDIARIES
(A SAUDI JOINT STOCK COMPANY)

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 30 JUNE 2023

	Notes	***2023*** ***SR***	*2022* *SR*
Revenue	15	**190,369,167**	152,560,468
Cost of revenue	27	**(151,895,285)**	(121,749,747)
GROSS PROFIT		**38,473,882**	30,810,721
Selling and distribution expenses	28	**(801,183)**	(2,139,554)
General and administrative expenses	29	**(20,347,331)**	(14,154,547)
OPERATING PROFIT		**17,325,368**	14,516,620
Share in result of investment in an associate	9	**1,779,434**	865,258
Finance cost	30	**(1,164,714)**	(689,956)
Other income	31	**7,662,890**	5,795,424
PROFIT BEFORE ZAKAT		**25,602,978**	20,487,346
Zakat and income tax	26	**(1,635,609)**	(1,392,801)
PROFIT FOR THE YEAR		**23,967,369**	19,094,545
Attributable to:			
Equity holders of the Parent Company		**23,081,725**	19,104,434
Non-controlling interest		**885,644**	(9,889)
		23,967,369	19,094,545
OTHER COMPREHENSIVE INCOME			
Other comprehensive income that will not be reclassified to profit or loss in subsequent periods			
Gain on financial assets at fair value through other comprehensive income	11	**135,082**	5,024
Remeasurement gain on employees' defined benefit liabilities	22	**282,460**	172,102
OTHER COMPREHENSIVE INCOME FOR THE YEAR		**417,542**	177,126
TOTAL COMPREHENSIVE INCOME FOR THE YEAR		**24,384,911**	19,271,671
Attributable to:			
Equity holders of the Parent Company		**23,509,494**	19,281,560
Non-controlling interest		**875,417**	(9,889)
		24,384,911	19,271,671
EARNINGS PER SHARE			
Basic and diluted, income for the year per share attributable to equity holders of the parent	32	**0.39**	0.32

Chief Financial Officer	**Chief Executive Officer**	**Chairman, Board of Directors**

The accompanying notes 1 to 42 form an integral part of these consolidated financial statements

SAUDI AZM FOR COMMUNICATION AND INFORMATION TECHNOLOGY COMPANY AND ITS SUBSIDIARIES
(A SAUDI JOINT STOCK COMPANY)

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 30 JUNE 2023

	Total equity attributable to the equity holders of the parent company							
	Share capital SR	*Statutory reserve* SR	*Retained earnings* SR	*Treasury stock* SR	*Share based payment reserve* SR	*Total* SR	*Non-controlling interest* SR	*Total equity* SR
As at 1 July 2021	30,000,000	1,703,609	850,709	-	-	32,554,318	-	32,554,318
Profit (loss) for the year	-	-	19,104,434	-	-	19,104,434	(9,889)	19,094,545
Other comprehensive income	-	-	177,126	-	-	177,126	-	177,126
Total comprehensive income	-	-	19,281,560	-	-	19,281,560	(9,889)	19,271,671
Transfer to statutory reserve	-	1,912,108	(1,912,108)	-	-	-	-	-
Non-controlling interest arising on acquisition of subsidiary	-	-	-	-	-	-	(5,550)	(5,550)
As at 30 June 2022	30,000,000	3,615,717	18,220,161	-	-	51,835,878	(15,439)	51,820,439
As at 1 July 2022	30,000,000	3,615,717	18,220,161	-	-	51,835,878	(15,439)	51,820,439
Profit for the year	-	-	23,081,725	-	-	23,081,725	885,644	**23,967,369**
Other comprehensive income	-	-	427,769	-	-	427,769	(10,227)	**417,542**
Total comprehensive income	-	-	23,509,494	-	-	23,509,494	875,417	**24,384,911**
Transfer to statutory reserve	-	2,308,173	(2,308,173)	-	-	-	-	-
Share based payments (note 20)	-	-	-	-	4,209,222	4,209,222	-	**4,209,222**
Treasury shares (note 20)	-	-	(175,297)	(7,243,981)	(3,713,972)	(11,133,250)	-	**(11,133,250)**
As at 30 June 2023	**30,000,000**	**5,923,890**	**39,246,185**	**(7,243,981)**	**495,250**	**68,421,344**	**859,978**	**69,281,322**

Chief Financial Officer	Chief Executive Officer	Chairman, Board of Directors

The accompanying notes 1 to 42 form an integral part of these consolidated financial statements

SAUDI AZM FOR COMMUNICATION AND INFORMATION TECHNOLOGY COMPANY AND ITS SUBSIDIARIES (A SAUDI JOINT STOCK COMPANY)

CONSOLIDATED STATEMENT OF CASH FLOW
FOR THE YEAR ENDED 30 JUNE 2023

	Notes	2023 SR	2022 SR
OPERATING ACTIVITIES			
Profit for the year before zakat		**25,602,978**	20,487,346
Adjustments to reconcile profit before zakat to net cash flows:			
Depreciation of property and equipment	6	**993,818**	357,967
Right-of-use asset depreciation	7	**1,222,620**	438,047
Amortisation of intangible assets	8	-	296,986
Employees' defined benefits liabilities		**2,658,534**	2,134,709
Expected credit loss allowance for trade receivables		**468,289**	636,995
Expected credit loss allowance for contract assets		**308,746**	93,423
Gain on disposal of property and equipment		-	(348,451)
Gain on disposal of right-of-use asset		-	(146,367)
Gain on disposal of investment in an associate	9	**(5,295,473)**	(4,778,000)
Gain on disposal of financial assets at fair value through profit or loss	31	**(788,945)**	(441,171)
Share in profit from investment in an associate	9	**(1,779,434)**	(865,258)
Finance cost		**1,164,714**	689,956
		24,555,847	18,556,182
Changes in operating assets and liabilities			
Trade receivables		**(13,184,944)**	21,966,962
Contract assets		**(7,404,638)**	(9,595,835)
Prepayments and other current assets		**1,607,870**	(8,553,242)
Due from / to related parties, net		**8,681,363**	8,688,905
Trade payables		**(7,940,721)**	9,976,809
Contract liabilities		**14,780,167**	(7,577,363)
Accrued expenses and other current liabilities		**11,691,034**	1,751,187
		32,785,978	35,213,605
Employees' defined benefits liabilities paid	22	**(957,891)**	(1,838,234)
Zakat paid	26	**(730,105)**	(752,608)
Finance cost paid		**(479,349)**	(430,311)
Net cash flow from operating activities		**30,618,633**	32,192,452
INVESTING ACTIVITIES			
Purchase of property and equipment	6	**(1,093,764)**	(7,068,151)
Proceeds from the disposals of property and equipment		**141,087**	947,408
Additions to intangibles assets	8	**(335,134)**	(471,854)
Addition to investment in an associate		-	(38,000)
Proceeds from the disposal of investment in an associate		**5,548,001**	4,892,000
Purchase of financial assets at amortised cost		**(24,995,169)**	-
Purchase of financial assets at fair value through profit or loss	13	**(28,019,473)**	(20,486,284)
Proceeds from disposal of financial assets at fair value through profit or loss		**20,788,945**	13,927,455
Proceeds from financial assets at fair value through other comprehensive income		**247,725**	-
Net cash used in investing activities		**(27,717,782)**	(8,297,426)
FINANCING ACTIVITIES			
Non-controlling interest on acquisition		-	(5,550)
Treasury stock		**(6,924,028)**	-
Repayment of long-term loan		**6,232,394**	(9,657,023)
Payment of lease liabilities		**(1,835,574)**	(795,641)
Security deposits received		-	115,355
Net cash used in financing activities		**(2,527,208)**	(10,342,859)
NET CHANGE IN BANK BALANCE		**373,643**	13,552,167
BANK BALANCE AT THE BEGINNING OF THE YEAR		**27,221,636**	13,669,469
BANK BALANCE AT THE END OF THE YEAR		**27,595,279**	27,221,636

The accompanying notes 1 to 42 form an integral part of these consolidated financial statements

SAUDI AZM FOR COMMUNICATION AND INFORMATION TECHNOLOGY COMPANY AND ITS SUBSIDIARIES
(A SAUDI JOINT STOCK COMPANY)

CONSOLIDATED STATEMENT OF CASH FLOW (CONTINUED)
FOR THE YEAR ENDED 30 JUNE 2023

	Notes	***2023***	*2022*
Non-cash transaction:			
Actuarial gain or loss		**(282,460)**	(172,102)
Lease liabilities		-	13,732,860
Right of use asset		-	9,780,958

Chief Financial Officer **Chief Executive Officer** **Chairman, Board of Directors**

The accompanying notes 1 to 42 form an integral part of these consolidated financial statements

SAUDI AZM FOR COMMUNICATION AND INFORMATION TECHNOLOGY COMPANY AND ITS SUBSIDIARIES
(A SAUDI JOINT STOCK COMPANY)

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
30 JUNE 2023

1. ACTIVITIES

Saudi AZM for Communication and Information Technology Company (the "Company") is a Saudi joint stock Company registered in the Kingdom of Saudi Arabia on 11 Rabi Awal 1439H (corresponding to 29 November 2017) under Commercial Registration No. 1010918075. The Company became listed on the parallel market "Nomu" on 1 March 2022.

On 22 Shawwal 1442H (corresponding to 3 June 2021) the shareholders decided to change the legal structure of the Company from a limited liability company to a Saudi closed joint stock company, as well as increasing its share capital to SR 30 million by transferring SR 29.5 million from retained earnings to the share capital.

The Company is principally engaged in the sale of wire and wireless equipment and devices, repair and maintenance of personal and portable computers (of all types and sizes) and providing senior management consulting services.

The registered office of the Company head office is as follows:

7999, King Khalid Road, 2280 West Umm Al Hammam District
Riyadh 12329
Kingdom of Saudi Arabia

2. BASIS OF PREPARATION AND PRESENTATION

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

The Group has prepared these consolidated financial statements on the basis that it will continue to operate as a going concern.

2.2 Functional and presentation currency
These consolidated financial statements are presented in Saudi Riyals ("SR"), which is the Group's functional currency and all values are rounded to the nearest one Saudi Riyal, except where otherwise indicated.

2.3 Basis of measurement
These consolidated financial statements have been prepared under the historical cost convention, except for the following material items in the consolidated statement of financial position that are measured at fair value:

- Financial assets at fair value through profit or loss ("FVPL").
- Financial assets at fair value through other comprehensive income ("FVOCI").
- Employees' defined benefits liabilities are recognised at the present value of future obligations using the projected unit credit method

The preparation of the consolidated financial statements in accordance with IFRS as endorsed in Kingdom of Saudi Arabia requires the use of certain significant accounting estimates. It also requires management to exercise its judgment in the process of applying the Group's accounting policies. The areas involving a higher degree of judgment or complexity, or areas where assumptions and estimates are significant to the consolidated financial statements are disclosed in note 4.

2.4 New standards and amendments to standards

New standards and amendments adopted by the Group

The Group applied for the first-time certain standards and amendments, which are effective for annual periods beginning on or after 1 July 2023, but do not have an impact on the consolidated financial statements of the Group. The Group has not early adopted any other standard, interpretation or amendment that has been issued but is not yet effective. Several amendments apply for the first time during current, but do not have an impact on the consolidated financial statements of the Group.

SAUDI AZM FOR COMMUNICATION AND INFORMATION TECHNOLOGY COMPANY AND ITS SUBSIDIARIES
(A SAUDI JOINT STOCK COMPANY)

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)
30 June 2023

2. BASIS OF PREPARATION AND PRESENTATION (continued)

2.4 New standards and amendments to standards (continued)

New standards and amendments adopted by the Group (continued)

Onerous Contracts – Cost of Fulfilling a Contract – Amendments to IAS 37
An onerous contract is a contract under which the unavoidable of meeting the obligations under the contract costs (i.e., the costs that the Group cannot avoid because it has the contract) exceed the economic benefits expected to be received under it.

The amendments specify that when assessing whether a contract is onerous or loss-making, an entity needs to include costs that relate directly to a contract to provide goods or services including both incremental costs (e.g., the costs of direct labor and materials) and an allocation of costs directly related to contract activities (e.g., depreciation of equipment used to fulfil the contract and costs of contract management and supervision). General and administrative costs do not relate directly to a contract and are excluded unless they are explicitly chargeable to the counterparty under the contract.

The Group applied the amendments to the contracts for which it had not fulfilled all of its obligations at the beginning of the reporting period. These amendments had no impact on the financial statements of the Group.

Reference to the Conceptual Framework – Amendments to IFRS 3
The amendments replace a reference to a previous version of the IASB's Conceptual Framework with a reference to the current version issued in March 2018 without significantly changing its requirements.

The amendments add an exception to the recognition principle of IFRS 3 Business Combinations to avoid the issue of potential 'day 2' gains or losses arising for liabilities and contingent liabilities that would be within the scope of IAS 37 Provisions, Contingent Liabilities and Contingent Assets or IFRIC 21 Levies, if incurred separately. The exception requires entities to apply the criteria in IAS 37 or IFRIC 21, respectively, instead of the Conceptual Framework, to determine whether a present obligation exists at the acquisition date.

The amendments also add a new paragraph to IFRS 3 to clarify that contingent assets do not qualify for recognition at the acquisition date.

In accordance with the transitional provisions, the Company applies the amendments prospectively, i.e., to business combinations occurring after the beginning of the annual reporting period in which it first applies the amendments (the date of initial application).

These amendments had no impact on the financial statements of the Group as there were no contingent assets, liabilities or contingent liabilities within the scope of these amendments that arose during the period.

Property, Plant and Equipment: Proceed before Intended Use – Amendments to IAS 16 Leases
The amendment prohibits entities from deducting from the cost of an item of property, plant and equipment, any proceeds of the sale of items produced while bringing that asset to the location and condition necessary for it to be capable of operating in the manner intended by management. Instead, an entity recognizes the proceeds from selling such items, and the costs of producing those items, in profit or loss.
In accordance with the transitional provisions, the Company applies the amendments retrospectively only to items of PP&E made available for use on or after the beginning of the earliest period presented when the entity first applies the amendment (the date of initial application).

These amendments had no impact on the financial statements of the Company as there were no sales of such items produced by property, plant and equipment made available for use on or after the beginning of the earliest period presented.

IFRS 1 First-time Adoption of International Financial Reporting Standards – Subsidiary as a first-time adopter
The amendment permits a subsidiary that elects to apply paragraph D16(a) of IFRS 1 to measure cumulative translation differences using the amounts reported in the parent's consolidated financial statements, based on the parent's date of transition to IFRS, if no adjustments were made for consolidation procedures and for the effects of the business combination in which the parent acquired the subsidiary. This amendment is also applied to an associate or joint venture that elects to apply paragraph D16(a) of IFRS 1.

These amendments had no impact on the financial statements of the Group as it is not a first-time adopter.

2. BASIS OF PREPARATION AND PRESENTATION (continued)

2.4 New standards and amendments to standards (continued)

New standards and amendments adopted by the Group (continued)

IFRS 9 Financial Instruments – Fees in '10 per cent' test for derecognition of financial liabilities
The amendment clarifies the fees that an entity includes when assessing whether the terms of a new or modified financial liability are substantially different from the terms of the original financial liability. These fees include only those paid or received between the borrower and the lender, including fees paid or received by either the borrower or lender on the other's behalf. There is no similar amendment proposed for IAS 39 Financial Instruments: Recognition and Measurement.

In accordance with the transitional provisions, the Company applies the amendment to financial liabilities that are modified or exchanged on or after the beginning of the annual reporting period in which the entity first applies the amendment (the date of initial application). These amendments had no impact on the financial statements of the Group as there were no modifications of the Group's financial instruments during the period.

IAS 41 Agriculture – Taxation in fair value measurements
The amendment removes the requirement in paragraph 22 of IAS 41 that entities exclude cash flows for taxation when measuring the fair value of assets within the scope of IAS 41.

These amendments had no impact on the financial statements of the Group as it did not have assets in scope of IAS 41 as at the reporting date.

IFRS 17 Insurance Contracts
In May 2017, the IASB issued IFRS 17 Insurance Contracts (IFRS 17), a comprehensive new accounting standard for insurance contracts covering recognition and measurement, presentation, and disclosure. Once effective, IFRS 17 will replace IFRS 4 Insurance Contracts (IFRS 4) that was issued in 2005. IFRS 17 applies to all types of insurance contracts (i.e., life, non-life, direct insurance, and re-insurance), regardless of the type of entities that issue them, as well as to certain guarantees and financial instruments with discretionary participation features. A few scope exceptions will apply. The overall objective of IFRS 17 is to provide an accounting model for insurance contracts that is more useful and consistent for insurers. In contrast to the requirements in IFRS 4, which are largely based on grandfathering previous local accounting policies, IFRS 17 provides a comprehensive model for insurance contracts, covering all relevant accounting aspects. The core of IFRS 17 is the general model, supplemented by:

- A specific adaptation for contracts with direct participation features (the variable fee approach)
- A simplified approach (the premium allocation approach) mainly for short-duration contracts

IFRS 17 is effective for reporting periods beginning on or after 1 January 2023, with comparative figures required. Early application is permitted, provided the entity also applies IFRS 9 and IFRS 15 on or before the date it first applies IFRS 17.

The amendments had no impact on the Group's consolidated financial statements.

Definition of Accounting Estimates – Amendments to IAS 8
The amendments to IAS 8 clarify the distinction between changes in accounting estimates, and changes in accounting policies and the correction of errors. They also clarify how entities use measurement techniques and inputs to develop accounting estimates.

The amendments had no impact on the Group's consolidated financial statements.

Disclosure of Accounting Policies - Amendments to IAS 1 and IFRS Practice Statement 2
The amendments to IAS 1 and IFRS Practice Statement 2 Making Materiality Judgements provide guidance and examples to help entities apply materiality judgements to accounting policy disclosures. The amendments aim to help entities provide accounting policy disclosures that are more useful by replacing the requirement for entities to disclose their 'significant' accounting policies with a requirement to disclose their 'material' accounting policies and adding guidance on how entities apply the concept of materiality in making decisions about accounting policy disclosures.

The amendments had no impact on the Group's consolidated financial statements.

2. BASIS OF PREPARATION AND PRESENTATION (continued)

2.4 New standards and amendments to standards (continued)

New standards and amendments adopted by the Group (continued)

Deferred Tax related to Assets and Liabilities arising from a Single Transaction – Amendments to IAS 12
The amendments to IAS 12 Income Tax narrow the scope of the initial recognition exception, so that it no longer applies to transactions that give rise to equal taxable and deductible temporary differences such as leases and decommissioning liabilities.

The amendments had no impact on the Group's consolidated financial statements.

2.5 Basis of consolidation

The Company's subsidiaries consolidated in these consolidated financial statements is as follows:

Subsidiaries Company	*Country of incorporation*	*Effective ownership* ***30 June 2023***	*30 June 2022*
AZM Tajrubah for information technology Company	Saudi Arabia	**75%**	75%
Azm Software Development Company	Egypt	**100%**	-

The consolidated financial statements comprise the financial statements of the Company and its subsidiaries (the "Group") as at 30 June 2023.

AZM Tajrubah for information technology Company

On 1 December 2021, the Group acquired 75% of the voting shares of AZM Tajrubah for information technology Company. AZM Tajrubah for information technology Company is a Limited Liability Company registered in the Kingdom of Saudi Arabia under Commercial Registration numbered 1010600261, dated 22 Safar 1441H (corresponding to 21 October 2019). This Company was acquired from a related party of one of the shareholder (Mr. Ali M Al Ballaa) at a purchase consideration of SR nil.

The Company is engaged in general information technology services with major focus on user experience (UX) and user interface (UI) development related services.

AZM Software Development Company

On 14 June 2023, the Group established Azm Software Development Company which is 100% owned. AZM Development is a Limited Liability Company registered in Egypt under Commercial Registration numbered 209298, dated 20 June 2023.

SAUDI AZM FOR COMMUNICATION AND INFORMATION TECHNOLOGY COMPANY AND ITS SUBSIDIARIES
(A SAUDI JOINT STOCK COMPANY)

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)
30 June 2023

2. BASIS OF PREPARATION AND PRESENTATION (continued)

2.5 Basis of consolidation (continued)

Control is achieved when the Group is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee. Specifically, the Group controls an investee if, and only if, the Group has:

- Power over the investee (i.e., existing rights that give it the current ability to direct the relevant activities of the investee)
- Exposure, or rights, to variable returns from its involvement with the investee
- The ability to use its power over the investee to affect its returns

Generally, there is a presumption that a majority of voting rights results in control. To support this presumption and when the Group has less than a majority of the voting or similar rights of an investee, the Group considers all relevant facts and circumstances in assessing whether it has power over an investee, including:

- The contractual arrangement(s) with the other vote holders of the investee
- Rights arising from other contractual arrangements
- The Group's voting rights and potential voting rights

The Group re-assesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control. consolidation of a subsidiary begins when the Group obtains control over the subsidiary and ceases when the Group loses control of the subsidiary. Assets, liabilities, income and expenses of a subsidiary acquired or disposed of during the year are included in the consolidated financial statements from the date the Group gains control until the date the Group ceases to control the subsidiary.

Income and each component of other comprehensive income (OCI) are attributed to the equity holders of the parent of the Group and to the non-controlling interests, even if this results in the non-controlling interests having a deficit balance. Financial statements of subsidiaries are prepared using accounting policies which are consistent with those of the Group. All intra-group assets and liabilities, equity, income, expenses and cash flows relating to transactions between members of the Group are eliminated in full on consolidation.

A change in the ownership interest of a subsidiary, without a loss of control, is accounted for as an equity transaction. If the Group loses control over a subsidiary, it derecognises the related assets (including goodwill), liabilities, non-controlling interests and other components of equity, while any resultant gain or loss is recognised in consolidated statement of income. Any investment retained is recognised at fair value.

3. SIGNIFICANT ACCOUNTING POLICIES

The significant accounting policies applied by the Group in the preparation of consolidated financial statements are set out below:

Business combination and goodwill

Business combinations are accounted for using the acquisition method. The cost of an acquisition is measured as the aggregate of the consideration transferred, which is measured at the acquisition date fair value and the amount of any non-controlling interest in the acquiree. For each business combination, the Group elects to measure the non-controlling interest in the acquiree at the proportionate share of the acquiree's identifiable net assets. Acquisition-related costs are expensed as incurred and included in general and administrative expenses.

When the Group acquires a business, it assesses the financial assets and liabilities assumed for appropriate classification and designation in accordance with the contractual terms, economic circumstances and pertinent conditions as at the acquisition date.

Any contingent consideration, if any, to be transferred by the acquirer will be recognised at fair value at the acquisition date. Contingent consideration that is classified as equity is not remeasured and subsequent settlement is accounted for within equity.

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3. SIGNIFICANT ACCOUNTING POLICIES (continued)

Business combination and goodwill (continued)

Goodwill is initially measured at cost (being the excess of the aggregate of the consideration transferred and the amount recognised for non-controlling interests) and any previous interest held, over the net identifiable assets acquired and liabilities assumed. If the fair value of the net assets acquired is in excess of the aggregate consideration transferred, the Group re-assesses whether it has correctly identified all of the assets acquired and all of the liabilities assumed and reviews the procedures used to measure the amounts to be recognised at the acquisition date. If the reassessment still results in an excess of the fair value of net assets acquired over the aggregate consideration transferred, then the gain is recognised in profit or loss.

After initial recognition, goodwill is measured at cost less any accumulated impairment losses. For the purpose of impairment testing, goodwill acquired in a business combination is, from the acquisition date, allocated to each of the Group's cash-generating units that are expected to benefit from the combination, irrespective of whether other assets or liabilities of the acquiree are assigned to those units.

Where goodwill has been allocated to a cash-generating unit (CGU) and part of the operation within that unit is disposed of, the goodwill associated with the disposed operation is included in the carrying amount of the operation when determining the gain or loss on disposal of the operation. Goodwill disposed in these circumstances is measured based on the relative values of the disposed operation and the portion of the cash- generating unit retained.

Investments in an associate

An associate is an entity over which the Group has significant influence. Significant influence is the power to participate in the financial and operating policy decisions of the investee, but is not control or joint control over those policies.

The considerations made in determining whether significant influence is similar to those necessary to determine control over subsidiaries.

The Group's investments in its associates is accounted for using the equity method. Under the equity method, the investment in associates is initially recognised at cost. The carrying amount of the investment is adjusted to recognise changes in the Group's share of net assets of the associate since the acquisition date. Goodwill relating to the associate is included in the carrying amount of the investment and is not tested for impairment separately.

The consolidated statement of comprehensive income reflects the Group's share of the results of operations of the associates. Any change in OCI of those investees is presented as part of the Group's OCI. In addition, when there has been a change recognised directly in the equity of the associates, the Group recognises its share of any changes, when applicable, in the consolidated statement of changes in equity. Unrealised gains and losses resulting from transactions between the Group and the associates is eliminated to the extent of the interest in the associate.

The aggregate of the Group's share of profit or loss of associates is shown on the face of the consolidated statement of income outside operating profit and represents profit or loss and non- controlling interests in the subsidiaries of the associate, if any.

The financial statements of the associate is prepared for the same reporting period as the Group. When necessary, adjustments are made to bring the accounting policies in line with those of the Group.

After application of the equity method, the Group determines whether it is necessary to recognise an impairment loss on its investments in its associate. The Group determines at each reporting date whether there is any objective evidence that the investment in the associate is impaired. If this is the case, the Group calculates the amount of impairment as the difference between the recoverable amount of the associate and its carrying value and recognises the loss as 'Share of profit of an associates' in the consolidated statement of income.

Upon loss of significant influence over the associate, the Group measures and recognises any retained investment at its fair value. Any difference between the carrying amount of the associate upon loss of significant influence or joint control and the fair value of the retaining investment and proceeds from disposal is recognised in consolidated statement of income.

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

Current versus non-current classification

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

- Expected to be realised or intended to be sold or consumed in the normal operating cycle
- Held primarily for the purpose of trading
- Expected to be realised within twelve months after the reporting period
  or
- Cash or cash equivalent unless restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period.

All other assets are classified as non-current.

A liability is current when:

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

The Group classifies all other liabilities as non-current.

Foreign currencies

(i) Functional and presentation currency

Items included in the financial statements of each of the Group's entities are measured using the currency of the primary economic environment in which each respective entity operates (the "functional currency"). The consolidated financial statements are presented in Saudi Riyals ("SR"), which is the Group's functional and presentation currency.

(ii) Transactions and balances

Foreign currency transactions are translated into Saudi Riyals at the rates of exchange prevailing at the time of the transactions. Monetary assets and liabilities denominated in foreign currencies at the reporting date are translated at the exchange rates prevailing at that date. Gains and losses from settlement and translation of foreign currency transactions are included in the consolidated statement of income.

(iii) Group companies

The results and financial position of foreign operations (none of which has the currency of a hyper inflationary economy) that have a functional currency different from the presentation currency of the consolidated financial statements are translated into the presentation currency as follows:

- Assets and liabilities for each statement of financial position presented are translated at the closing rate at the date of that consolidated statement of financial position;
- Income and expenses for each statement of income and statement of comprehensive income are translated at average exchange rates (unless this is not a reasonable approximation of the cumulative effect of the rates prevailing on the transaction dates, in which case income and expenses are translated at the dates of the transactions), and
- All resulting exchange differences are recognized in other comprehensive income.

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3 SIGNIFICANT ACCOUNTING POLICIES (continued)

Property and equipment

Property and equipment are stated at cost, net of accumulated depreciation and accumulated impairment losses, if any. Cost includes all amounts necessary to bring the asset to the present condition and location to be ready for its intended use by management. Such costs include the cost of replacing part of the property and equipment and borrowing costs for long-term construction projects (qualifying assets), if the recognition criteria are met, and costs incurred during the commissioning period, net of proceeds from sale of trial production.

When parts of property and equipment are significant in cost in comparison to the total cost of the item, and where such parts/ components have a useful life different from the other parts and required to be replaced at different intervals, the Group shall recognise such parts as individual components of the asset with specific useful lives and depreciate them accordingly.

All other repair and maintenance costs are recognised in profit or loss as incurred.

Depreciation is calculated from the date the item of property and equipment is available for their intended use or in respect of self-constructed assets from the date such assets are completed and ready for the intended use. Land and assets under construction, which are not ready for their intended use, are not depreciated.

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

Computers and equipment	4 years
Fixtures and furniture	7 years
Vehicles	5 years
Leasehold improvements	10 years or lease terms whatever is shorter

The assets' residual values, useful lives and methods of depreciation are reviewed, and adjusted prospectively if appropriate, at each reporting date.

An item of property and equipment and any significant component initially recognised is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. Gains and losses on disposal of retired, sold or otherwise derecognised property and equipment are determined by comparing the proceeds with the carrying amount of the asset, and are recognised within "other income/(loss)" in statement of comprehensive income.

An asset's carrying amount is written-down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount.

Intangible assets

The Group's intangible assets consist of online platforms established by the Group and Software and IT systems and have finite useful lives are measured at cost less accumulated amortization and any accumulated impairment losses. Intangible assets acquired separately are measured at cost upon initial recognition. Following initial recognition, intangible assets are carried at cost less any accumulated amortisation and accumulated impairment losses, if any.

The useful lives of intangible assets are assessed to be either finite or indefinite. Intangible assets with finite lives are amortised over the useful economic life and assessed for impairment whenever there is an indication that the intangible asset may be impaired. The amortisation period and the amortisation method for an intangible asset with a finite useful life are reviewed at least at each financial year-end. Changes in the expected useful life or the expected pattern of consumption of future economic benefits embodied in the asset, are accounted for by changing the amortisation period or method, as appropriate, and are treated as changes in accounting estimates.

The amortisation expense on intangible assets with finite lives is recognised in statement of comprehensive income in the expense category consistent with the function of the intangible asset.

The estimated useful lives for current and comparative periods are 8 years. Intangible assets which are not ready for their intended use, are not amortised.

Gains or losses arising from derecognising an intangible asset are measured as the difference between the net disposal proceeds and the carrying amount of the asset and are recognised in profit or loss when the asset is derecognised.

3 SIGNIFICANT ACCOUNTING POLICIES (continued)

Leases

The Group assess whether a contract contains a lease, at inception of the contract. For all such lease arrangements the Group recognize right of use assets and lease liabilities except for the short-term leases and leases of low value assets as follows:

Right-of-use assets
The Group recognises right-of-use assets at the commencement date of the lease (i.e., the date the underlying asset is available for use). Right-of-use assets are measured at cost, less any accumulated depreciation and impairment losses, and adjusted for any re-measurement of lease liabilities. The cost of right-of-use assets includes the amount of lease liabilities recognised, initial direct costs incurred, and lease payments made at or before the commencement date less any lease incentives received. Unless the Group is reasonably certain to obtain ownership of the leased asset at the end of the lease term, the recognised right-of-use assets are depreciated on a straight-line basis over the shorter of its estimated useful life and the lease term. Right-of-use assets are subject to impairment. Right-of-use assets are depreciated over the useful life or lease period whichever is lower.

Lease liabilities
At the commencement date of the lease, the Group recognises lease liabilities measured at the present value of lease payments to be made over the lease term. The lease payments include fixed payments (including in-substance fixed payments) less any lease incentives receivable, variable lease payments that depend on an index or a rate, and amounts expected to be paid under residual value guarantees. The lease payments also include the exercise price of a purchase option reasonably certain to be exercised by the Group and payments of penalties for terminating a lease, if the lease term reflects the Group exercising the option to terminate. The variable lease payments that do not depend on an index or a rate are recognised as expense in the period on which the event or condition that triggers the payment occurs.

In calculating the present value of lease payments, the Group uses the incremental borrowing rate at the lease commencement date if the interest rate implicit in the lease is not readily determinable. After the commencement date, the amount of lease liabilities is increased to reflect the accretion of interest and reduced for the lease payments made. In addition, the carrying amount of lease liabilities is re-measured if there is a modification, a change in the lease term, a change in the in-substance fixed lease payments or a change in the assessment to purchase the underlying asset.

Short-term leases and leases of low-value assets
The Group applies the short-term lease recognition exemption to its short-term leases of commercial buildings, accommodations and offices (i.e., those leases that have a lease term of 12 months or less from the commencement date and do not contain a purchase option). It also applies the lease of low-value assets recognition exemption to leases of commercial buildings, accommodations and offices that are considered of low value (i.e., below SR 20,000). Lease payments on short-term leases and leases of low-value assets are recognised as expense on a straight-line basis over the lease term.

As a lessor
Leases in which the Group does not transfer substantially all the risks and rewards incidental to ownership of an asset are classified as operating leases. Operating lease income is recognized in the consolidated statement of profit or loss on a straight-line basis over the lease term. Any benefits granted as an incentive to enter into an operating lease, are distributed in a straight-line basis over the lease term. Total benefits from incentives are recognized as a reduction in rental income on a straight-line basis, unless there is another basis that better represents the period of time in which the economic benefits of the leased asset are exhausted.

The amounts due from the finance leases are recorded as lease receivables at an amount equal to the net investment of the Group in the lease. The lease payments to be received are distributed into two components:
- a reimbursement of the original amount
- a financing income to compensate the Group for its investment and services.

The additional costs directly attributable to negotiating the lease contract are included in the amounts due, which in return, will reduce the finance income portion from the contract.

3 SIGNIFICANT ACCOUNTING POLICIES (continued)

Financial instruments
A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity.

i) Financial assets

Classification of financial assets depends on the Group's business model for managing its financial assets and the contractual terms of the cash flows. The Group classifies its financial assets as:
- Financial assets measured at amortized cost; or
- Financial assets measured at fair value

Gains or losses of assets measured at fair value will be recognised either through the statement of comprehensive income or through statement of OCI.

Initial measurement
The classification of financial assets at initial recognition depends on the financial asset's contractual cash flow characteristics and the Group's business model for managing them. With the exception of trade receivables that do not contain a significant financing component or for which the Group has applied the practical expedient, the Group initially measures a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss, transaction costs. Trade receivables that do not contain a significant financing component or for which the Group has applied the practical expedient are measured at the transaction price.

In order for a financial asset to be classified and measured at amortised cost or fair value through OCI, it needs to give rise to cash flows that are 'solely payments of principal and interest (SPPI)' on the principal amount outstanding. This assessment is referred to as the SPPI test and is performed at an instrument level. Financial assets with cash flows that are not SPPI are classified and measured at fair value through profit or loss, irrespective of the business model.

The Group's business model for managing financial assets refers to how it manages its financial assets in order to generate cash flows. The business model determines whether cash flows will result from collecting contractual cash flows, selling the financial assets, or both. Financial assets classified and measured at amortised cost are held within a business model with the objective to hold financial assets in order to collect contractual cash flows while financial assets classified and measured at fair value through OCI are held within a business model with the objective of both holding to collect contractual cash flows and selling.

Subsequent measurement
For purposes of subsequent measurement, financial assets are classified in four categories:

- Financial assets at amortised cost (debt instruments)
- Financial assets at fair value through OCI with recycling of cumulative gains and losses (debt instruments)
- Financial assets designated at fair value through OCI with no recycling of cumulative gains and losses upon derecognition (equity instruments)
- Financial assets at fair value through profit or loss

- Amortized cost (debt instruments)

Financial assets at amortised cost are subsequently measured using the effective interest (EIR) method and are subject to impairment. Gains and losses are recognised in statement of comprehensive income when the asset is derecognised, modified or impaired.

The Group's financial assets at amortised cost includes trade receivables, and investment in Sukuk.

- FVOCI

Financial assets held for collection of contractual cash flows and for selling the financial assets, where the assets' cash flows represent solely payments of principal and interest, are measured at FVOCI. Movements in the carrying amount are taken through OCI, except for the recognition of impairment gains or losses, interest revenue and foreign exchange gains and losses, which are recognised in the statement of comprehensive income.

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3 SIGNIFICANT ACCOUNTING POLICIES (continued)

Financial instruments (continued)

i) Financial assets (continued)

Subsequent measurement (continued)

- FVOCI (continued)

When the financial asset is de-recognised, the cumulative gain or loss previously recognised in OCI, is reclassified from equity to the statement of comprehensive income and recognised in other income/expense. Interest income from these financial assets is included in finance income using the EIR method. Foreign exchange gains and losses are presented in other income/expense.

- FVPL

Financial assets at fair value through profit or loss include financial assets held for trading, financial assets designated upon initial recognition at fair value through profit or loss, or financial assets mandatorily required to be measured at fair value. Financial assets with cash flows that are not solely payments of principal and interest are classified and measured at fair value through profit or loss, irrespective of the business model.

Financial assets at fair value through profit or loss are carried in the statement of financial position at fair value with net changes in fair value recognised in the statement of comprehensive income. This category includes derivative instruments.

Equity instruments
The Group measures all investments in equity instruments at fair value and presents changes in fair value of investments in equity instruments in OCI. Dividends from such investments continue to be recognised in the statement of comprehensive income as other income when the Group's right to receive payments is established. There shall be no subsequent reclassification of changes in fair value through profit or loss income.

A financial asset or a part of a financial asset is de-recognised when:

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

Impairment

At each reporting date, the Group applies a three-stage approach to measuring expected credit losses ("ECL") on financial assets. Assets migrate through the following three stages based on the change in credit quality since initial recognition:

a) Stage 1: 12-months ECL
For exposures where there has not been a significant increase in credit risk since initial recognition and that are not credit impaired upon origination, the portion of the lifetime ECL associated with the probability of default events occurring within the next 12 months is recognised.

b) Stage 2: Lifetime ECL - not credit impaired
For credit exposures where there has been a significant increase in credit risk since initial recognition but that are not credit impaired, a lifetime ECL is recognised.

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3 SIGNIFICANT ACCOUNTING POLICIES (continued)

Financial instruments (continued)

i) Financial assets (continued)

Impairment (continued)

c) Stage 3: Lifetime ECL - credit impaired
Financial assets are assessed as credit impaired when one or more events that have a detrimental impact on the estimated future cash flows of that asset have occurred. For financial assets that have become credit impaired, a lifetime ECL is recognised and interest revenue is calculated by applying the effective interest rate to the amortized cost (net of provision) rather than the gross carrying amount.

The Group considers the probability of default upon initial recognition of asset and whether there has been a significant increase in credit risk on an ongoing basis throughout each reporting period. To assess whether there is a significant increase in credit risk the Group compares the risk of a default occurring on the asset as at the reporting date with the risk of default as at the date of initial recognition. It considers available reasonable and supportive forwarding-looking information.

For equity instruments measured at FVOCI, impairment losses (and reversal of impairment losses) are not reported separately from other changes in fair value and for debt instruments measured at FVOCI, impairment gains or losses are recognised in the consolidated statement of comprehensive income.

For trade receivables only, the Group recognizes expected credit losses for trade receivables based on the simplified approach. The simplified approach to the recognition of expected losses does not require the Group to track the changes in credit risk; rather, the Group recognizes a loss allowance based on lifetime expected credit losses at each reporting date from the date of the trade receivable.

Objective evidence that financial assets are impaired may include indications that a debtor or a Company of debtors is experiencing significant financial difficulty, default or delinquency in profit or principal payments, the probability that they will enter bankruptcy or other financial reorganization and where observable data indicates that there is a measurable decrease in the estimated future cash flows, such as changes in arrears or economic conditions that correlate with defaults.

3 SIGNIFICANT ACCOUNTING POLICIES (continued)

Financial instruments (continued)

i) Financial assets (continued)

Expected credit losses are measured as the difference in the present value of the contractual cash flows that are due to the Group under the contract, and the cash flows that the Group expects to receive. The Group assesses all information available, including past due status, credit ratings, the existence of third-party insurance, and forward looking macro-economic factors in the measurement of the expected credit losses associated with its assets carried at amortized cost.

The Group measures expected credit loss by considering the risk of default over the contract period and in Group's forward-looking information into its measurement.

ii) Financial liabilities

Initial recognition and measurement

Financial liabilities are classified under either of the below two classes:

- Financial liabilities at FVPL; and
- Other financial liabilities measured at amortized cost using the EIR method.

The category of financial liability at FVPL has two sub-categories:

- Designated: A financial liability that is designated by the entity as a liability at FVPL upon initial recognition; and
- Held for trading: A financial liability classified as held for trading, such as an obligation for securities borrowed in a short sale, which have to be returned in the future. This category also includes derivative financial instruments entered into by the Company that are not designated as hedging instruments in hedge relationships. Separated embedded derivatives are also classified as held for trading unless they are designated as effective hedging instruments.

All financial liabilities are recognised initially when the Group becomes party to contractual provisions and obligations under the financial instrument. The liabilities are recorded at fair value, and in the case of loans and borrowings and payables, the proceeds received net of directly attributable transaction costs.

Subsequent measurement

Financial liabilities at FVPL continue to be recorded at fair value with changes being recorded in the statement of comprehensive income.

For other financial liabilities, including loans and borrowings, after initial recognition, these are subsequently measured at amortized cost using the EIR method. Gains and losses are recognised in statement of comprehensive income when the liabilities are de-recognised as well as through the EIR amortization process.

Amortized cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR method. The EIR amortization is included as finance costs in the statement of comprehensive income.

Trade and other payables

These amounts represent liabilities for goods and services provided to the Group prior to the end of financial period which are unpaid. They are recognised initially at their fair value and subsequently measured at amortized cost using the EIR method.

Financial guarantee contracts

Financial guarantee contracts are recognised as a financial liability at the time the guarantee is issued. The liability is initially measured at fair value adjusted for transaction costs that are directly attributable to the issuance of the guarantee. The fair value of financial guarantee is determined as the present value of the difference in net cash flows between the contractual payments under the debt instrument and the payments that would be required without the guarantee, or the estimated amount that would be payable to a third party for assuming the obligation.

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3 SIGNIFICANT ACCOUNTING POLICIES (continued)

Financial instruments (continued)

ii) Financial liabilities (continued)

Where guarantees in relation to loans or other payables of associates are provided for no compensation, the fair values are accounted for as contributions and recognised as part of the cost of the investment.

De-recognition

A financial liability is de-recognised when the obligation under the liability is settled or discharged. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as the de-recognition of the original liability and the recognition of a new liability. The difference in the respective carrying amounts is recognised in the statement of comprehensive income.

Offsetting of financial instruments
Financial assets and financial liabilities are offset and the net amount is reported in the consolidated statement of financial position if there is a currently enforceable legal right to offset the recognised amounts and there is an intention to settle on a net basis, to realize the assets and settle the liabilities simultaneously.

Provisions
Provisions are recognised when the Group has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. Provisions are not recognised for future operating losses.

Where there are a number of similar obligations, the likelihood that an outflow will be required in settlement is determined by considering the class of obligations as a whole. A provision is recognised even if the likelihood of an outflow with respect to any one item included in the same class of obligations may be small.

Provisions are measured at the present value of management's best estimate of the expenditure required to settle the present obligation at the end of the reporting period. The discount rate used to determine the present value is a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to liability. The increase in the provision due to the passage of time is recognised as interest expense.

Employee benefits

End of service benefits
The Group primarily has end of service benefits which qualifies as defined benefit plans.

The pension liability recognised in the consolidated statement of financial position is the present value of the projected Defined Benefit Obligation ("DBO") at the reporting date.

DBO is re-measured on a periodic basis by independent actuaries using the projected unit credit method. The present value of the DBO is determined by discounting the estimated future cash outflows using interest rates of high-quality bonds that are denominated in the currency in which the benefits will be paid, and that have terms approximating to the terms of the related obligation. For instances where there is no deep market in such bonds, the market rates on government bonds are used. As Kingdom of Saudi Arabia does not have a deep market in high quality corporate bonds, the discount rate was determined based on available information of Kingdom of Saudi Arabia sovereign bond yields.

The net interest cost is calculated by applying the discount rate to the net balance of the DBO. This cost is included in employees' related costs in the consolidated statement of comprehensive income.

Re-measurement gains and losses arising from changes in actuarial assumptions are recognised in the period in which they occur in OCI. Changes in the present value of the DBO resulting from plan amendments or curtailments are recognised immediately in the consolidated statement of comprehensive income as past service costs.

Current and past service costs related to end of service indemnities and unwinding of the liability at discount rates used are recognised immediately in the consolidated statement of comprehensive income. Any changes in net liability due to actuarial valuations and changes in assumptions are taken as re-measurement in OCI.

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3 SIGNIFICANT ACCOUNTING POLICIES (continued)

Employee benefits (continued)

End of service benefits (continued)

The actuarial valuation process takes into consideration the provisions of the Saudi Arabian Labor Laws and Workmen Law as well as the Group's policy.

Retirement benefits
The Group pays retirement contributions for its national employees to the General Organization for Social Insurance. This represents a defined contribution plan. The payments made are expensed as incurred.

Short-term employee benefits
A liability is recognised for benefits accruing to employees in respect of wages and salaries, annual leave and sick leave in the period the related service is rendered at the undiscounted amount of the benefits expected to be paid in exchange for that service. The liabilities are presented as current employee benefit obligations in the consolidated statement of financial position.

Liabilities recognised in respect of short-term employee benefits are measured at the undiscounted amount of the benefits expected to be paid in exchange for the related service.

Cash and cash equivalents

Cash and cash equivalents include cash on hand and bank balances that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value.

Impairment of non-financial assets

At the end of each reporting period, the Group reviews the carrying amounts of its non-financial assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). When it is not possible to estimate the recoverable amount of an individual asset, the Group estimates the recoverable amount of the cash-generating unit to which the asset belongs. When a reasonable and consistent basis of allocation can be identified, Group assets are also allocated to individual cash-generating units, or otherwise they are allocated to the smallest Group of cash-generating units for which a reasonable and consistent allocation basis can be identified.

Recoverable amount is the higher of fair value less costs of disposal and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted

If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (or cash-generating unit) is reduced to its recoverable amount. An impairment loss is recognised immediately in the statement of comprehensive income.

When an impairment loss subsequently reverses, the carrying amount of the asset (or a cash-generating unit), except for goodwill, is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset (or cash-generating unit) in prior years. A reversal of an impairment loss is recognised immediately in the comprehensive income.

Contingencies

Contingent liabilities are not recognised in the consolidated financial statements. They are disclosed unless the possibility of an outflow of resources embodying economic benefits is remote. Contingent assets are not recognised in the consolidated financial statements but disclosed when an inflow of economic benefits is probable.

Fair value measurement
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.

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3 SIGNIFICANT ACCOUNTING POLICIES (continued)

Fair value measurement (continued)

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.

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 consolidated financial statements are categorized within the fair value hierarchy, 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 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.

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.

Statutory reserve
In accordance with the Companies' Law and the Company's bylaws, 10% of net income for the year is transferred to statutory reserve. The Group may discontinue such transfer when the reserve equals 30% of the share capital. This reserve is not available for distribution.

Treasury shares
Own equity instruments that are repurchased (treasury shares) are recognised at cost and deducted from equity. No gain or loss is recognised in consolidated statement of comprehensive income on the purchase, sale, issue or cancellation of the Group's own equity instruments. Any difference between the carrying amount of the shares and the consideration, if reissued, is recognised in the other reserves within equity.

Shared-based payment transactions
The Group's executive employees receive remuneration in the form of share-based payments under the employee long term incentives program, whereby employees render services as consideration for the Group's shares (equity-settled transactions). The cost of equity-settled transactions is determined by the fair value of the equity instrument at the grant date. The grant date is the date on which the Group and the employee agree on the share-based agreement, so that a common understanding of the terms and conditions of the agreement exists between the parties.

Share-based payment expense is included as part of employee benefit expenses over the period in which the service and the performance conditions are fulfilled (the vesting period), with the corresponding amount recorded under other reserves within equity in accordance with the requirements of the International Financial Reporting Standard (2) Share-based payment. The cumulative expense recognized for equity settled transactions at each reporting date until the vesting date reflects the extent to which the vesting period has expired and the Group's best estimate of the number of shares that will ultimately vest. The expense or credit in the consolidated statement of comprehensive for a period represents the movement in cumulative expense recognized from the beginning to the end of that period.

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3 SIGNIFICANT ACCOUNTING POLICIES (continued)

Revenue from contracts with customers

Revenue from contracts with customers is recognized using the five-step model:
- i) identify the contract with a customer;
- ii) identify the performance obligations (distinct elements that are part of a single contract but are separated for accounting purposes) in the contract;
- iii) determine the transaction price;
- iv) allocate the transaction price to the performance obligations in the contract;
- v) recognize revenue when (or as) the entity satisfies a performance obligation, which is when the customer obtains control of the good or service which can take place over time or at a point in time.

Revenue is measured based on the consideration specified in a contract with the customer. The Group recognizes revenue when it transfers control over a good or service to a customer. The specific recognition criteria described below must also be met before the revenue is recognized.

Contract revenue
Contract revenues are recognised on percentage of completion method for each contract, which is determined based on the proportion of actual costs to the estimated cost required to complete the contract. The cost of contract includes the cost and general administrative expenses that are directly attributable to the contract from the date of securing the contract to its final completion. Changes in cost estimates and losses on uncompleted contracts, if any, are recognized in the period they are determined. When it is probable that the total contract costs will exceed the total contract revenues, the expected loss is recognized immediately.

Type of product/service	Nature and timing of satisfaction of performance obligations, including significant payment terms	Revenue recognition policies
Platform development	Custom Software Development id building a custom IT platform or software solution tailored to a specific customer's needs. Performance obligation is satisfied over time as work progresses, with milestones or deliverables. Alternatively, if the project has a single identifiable milestone (e.g., successful deployment), performance obligation is satisfied at point in time. Software as a Service (SaaS) is providing access to a cloud-based IT platform with ongoing updates, maintenance, and support. Revenue is recognized over time as the customer uses the service and usually it is recognized on a monthly or annual basis, based on the subscription period. Invoices for platform development are issued on the basis of pre-agreed billing schedule or achievement of milestones. Payment terms vary with clients and agreed with clients based on the commercial factors such as business volume, client history with the Group and creditworthiness. Un-billed amounts are presented as contract assets.	For performance obligation satisfied over the period of time, revenue is recognized over the period of time based on the cost-to-cost method determined based on the proportion of actual costs to the estimated cost required to complete the contract. The cost of contract includes the cost and general administrative expenses that are directly attributable to the contract from the date of securing the contract to its final completion. Changes in cost estimates and losses on uncompleted contracts if any, are recognized in the period they are determined. For performance obligation satisfied at a point in time, the revenue is recognized at the point service is provided or goods are delivered. When it is probable that the total contract costs will exceed the total contract revenues, the expected loss is recognized immediately. The related costs are recognized comprehensive income when they are incurred. Advances received are included in contract liabilities as advances from customers.

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3 SIGNIFICANT ACCOUNTING POLICIES (continued)

Contract revenue (continued)

Type of product/service	Nature and timing of satisfaction of performance obligations, including significant payment terms	Revenue recognition policies
Platform maintenance	Providing ongoing support, updates, and maintenance for IT platforms and performance obligation for these services are typically satisfied over the period of time as the services are provided. Invoices are issued according to contractual terms and are usually payable within 30 days.	Revenue and associated costs are recognized over time. Progress is determined based on the cost-to-cost method.
Manpower supply / Consulting and advisory services	Providing consulting services related to IT platform development strategies. Performance obligation are satisfied as the services are performed, often based on hours worked or specific milestones achieved and invoices are issued according to contractual terms and are usually payable within 90 days.	Revenue and associated costs are recognized over time. Progress is determined based on the cost-to-cost method.

- *Contract assets and liabilities*

When either party to a contract has performed, an entity shall present the contract in the consolidated statement of financial position as a contract asset or a contract liability, depending on the relationship between the entity's performance and the customer's payment. A contract asset is an entity's right to consideration in exchange for goods or services that the entity has transferred to a customer. A contract liability is an entity's obligation to transfer goods or services to a customer for which the entity has received consideration (or an amount of consideration is due) from the customer.

- *Principal versus agent consideration*

The Group has evaluated its arrangements to determine whether it is a principal, and report revenues on a gross basis, or an agent, and report revenues on a net basis. In this assessment, the Group has considered if it has obtained control of the specified goods or services before they are transferred to the customer, as well as other indicators such as the party primarily responsible for fulfillment, inventory risk, and discretion in establishing price.

Where the Group performs agency related activities under a contract, the Group only recognizes net commission income, as the Group arranges for another party to transfer goods or services under such arrangement and accordingly is acting as an agent.

Other income

All other incomes are recognized on an accrual basis when the Group’s right to earn the income is established.

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

Expenses

Selling and distribution expenses principally comprise of costs incurred in the distribution and sale of the Group's products and services.

General and administration expenses include indirect costs not specifically part of cost of sales or selling and distribution expenses as required under IFRSs as endorsed in KSA. Allocations between general and administration expenses, cost of sales and selling & distribution expenses, when required, are made on a consistent basis.

Borrowing costs

Borrowing costs directly attributable to the acquisition, construction or production of an asset that necessarily takes a substantial period of time to get ready for its intended use or sale are capitalized as part of the cost of the asset.

All other borrowing costs are expensed in the period in which they occur. Borrowing costs consist of finance and other costs that an entity incurs in connection with the borrowing of funds.

The interest capitalized is calculated using the Group weighted average cost of borrowings after adjusting for borrowings associated with specific developments. Where borrowings are associated with specific developments, the amount capitalized is the gross interest incurred on those borrowings less any investment income arising on their temporary investment. Interest is capitalized as from the commencement of the development work until the date of practical completion, when substantially all of the development work is completed.

The capitalization of borrowing costs is suspended if there are prolonged periods when development activity is interrupted. Borrowing costs is also capitalized on the purchase cost of a site of property acquired specifically for redevelopment, but only where activities necessary to prepare the asset for redevelopment are in progress.

Zakat and Value Added Tax (VAT)

Zakat is provided for the Group in the Kingdom of Saudi Arabia in accordance with the Regulations of Zakat, Tax and Customs Authority (the "ZATCA") in the Kingdom of Saudi Arabia, and the provision is charged to the consolidated statement of comprehensive income.

Expenses, and assets are recognised net of the amount of VAT, except:

- When the VAT incurred on a purchase of assets or services is not recoverable from the Zakat, Tax and Customs Authority, in which case, the VAT is recognised as part of the cost of acquisition of the asset or as part of the expense item, as applicable; and/or
- When receivables and payables are stated with the amount of VAT included.

The net amount of VAT recoverable from or payable to the Zakat, Tax and Customs Authority is included as part of receivables or payables in the consolidated statement of financial position.

Dividends
Dividend distribution to the Group's shareholders is recognised as a liability in the Group's consolidated financial statements in the year in which the dividends are approved by the Group's shareholders.

Segment reporting

An operating segment is a component of the Group that engages in business activities from which it may earn revenues and incur expenses, including revenues and expenses that relate to transactions with any of the Group's other components. All operating segments' operating results are reviewed by the decision makers to make decision about resources to be allocated to the segment and to assess its performance, and for which discrete financial information is available.

Segment results that are reported includes items directly attributable to a segment as well as those that can be allocated on a reasonable basis.

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4. SIGNIFICANT ACCOUNTING ESTIMATES, ASSUMPTIONS AND JUDGEMENTS

The preparation of the Group's consolidated financial statements require management to make judgements, estimates and assumptions that affect the reported amounts of revenues, expenses and assets and liabilities at the reporting date. However, uncertainty about these assumptions and estimates could result in outcomes that could require a material adjustment to the carrying amount of the asset or liability affected in the future. These estimates and assumptions are based upon experience and various other factors that are believed to be reasonable under the circumstances and are used to judge the carrying values of assets and liabilities that are not readily apparent from other sources. The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimates are revised or in the revision period and future periods if the changed estimates affect both current and future periods.

The following critical judgements and estimates have the most significant effect on the amounts recognised in the consolidated financial statements:

Useful lives and residual values of property and equipment and intangible assets
An estimate of the useful lives and residual values of property and equipment and intangible assets is made for the purposes of calculating depreciation and amortization, respectively. These estimates are made based on expected usage for useful lives. Residual value is determined based on experience and observable data where available.

Contract cost estimation
The Group recognizes contract revenue by reference to the stage of completion of the activity at the reporting date, when the outcome of a contract can be estimated reliably. The stage of completion is measured by reference to the proportion that contract costs incurred for work performed to date bear to the estimated total contract costs. Assumptions are required to estimate the total estimated contract costs and the recoverable variation works that will affect the stage of completion. The estimates are made based on past experience and knowledge of the project engineers and other technical team. The accuracy of these estimates is likely to have an impact on the amount of revenue and related profits recognised.

At the end of each reporting period, the Group is required to estimate costs to complete the contracts based on work to be performed beyond the reporting period. This involves objective evaluation of project progress against the schedule, evaluation of work to be performed and the associated costs to fully deliver the contract to the customer. This estimate will impact contract revenue and costs, contract assets, contract liabilities and accrued project costs. The measurement of contract revenue is affected by a variety of uncertainties (including cost estimation) that depend on the outcome of future events. The estimates often need to be revised as events occur and uncertainties are resolved. Therefore, the amount of contract revenue recognised may increase or decrease from period to period.

Defined benefit plan
Employee benefits obligation represent obligations that will be settled in the future and require assumptions to project obligations. IFRS requires management to make further assumptions regarding variables such as discount rates, rate of compensation increase, mortality rates, employment turnover and future healthcare costs. The Group's management use an independent actuary for performing this calculation. Changes in key assumptions can have a significant impact on the projected benefit obligation and/or periodic employees' benefits costs incurred.

Measurement of the expected credit loss allowance
The measurement of the expected credit loss allowance for financial assets measured at amortised cost and FVOCI is an area that requires the use of complex models and significant assumptions about future economic conditions and credit behaviour (e.g. the likelihood of customers defaulting and the resulting losses). Explanation of the input, assumptions and estimation techniques used in measuring ECL is further detailed in note 3.10 (ii) Impairment - Financial assets.

Impairment of non-financial assets
An impairment exists when the carrying value of an asset or CGU exceeds its recoverable amount, which is the higher of its fair value less costs of disposal and its value in use. The fair value less costs of disposal calculation is based on available data from binding sales transactions, conducted at arm's length for similar assets or observable market prices less incremental costs for disposing of the asset. The value in use calculation is based on a discounted cash flow (DCF) model. The cash flows are derived from the budget for the next five years and do not include restructuring activities that the Group is not yet committed to or significant future investments that will enhance the asset's performance of the CGU being tested. The recoverable amount is most sensitive to the discount rate used for the DCF model as well as the expected future cash-inflows and the growth rate used for extrapolation purposes.

4. SIGNIFICANT ACCOUNTING ESTIMATES, ASSUMPTIONS AND JUDGEMENTS (continued)

Provisions
Provisions are recognized when the Group has a present obligation (legal or constructive) as a result of a past event, it is probable that the Group will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation.

The amount recognized as a provision is the best estimate of the consideration required to settle the present obligation at the reporting date, taking into account the risks and uncertainties surrounding the obligation. Where a provision is measured using the cash flows estimated to settle the present obligation, its carrying amount is the present value of those cash flows.

Going concern
The Group's management has made an assessment of its ability to continue as a going concern and is satisfied that it has the resources to continue in business for the foreseeable future. Furthermore, management is not aware of any material uncertainties that may cast significant doubt upon the Group's ability to continue as a going concern. Therefore, these consolidated financial statements continue to be prepared on the going concern basis.

Determining the lease term of contracts with renewal and terminations options
The Group determines the lease term as the non-cancellable term of the lease, together with any periods covered by an option to extend the lease if it is reasonably certain to be exercised, or any periods covered by an option to terminate the lease, if it is reasonably certain not to be exercised.

The Group has several lease contracts that include extension and termination clauses. The Group applies judgement in evaluating whether it is reasonably certain whether or not to exercise the option to renew or terminate the lease. That is, it considers all relevant factors that create an economic incentive for it to exercise either the renal or termination. After the commencement date, the Group reassesses the lease term if there is a significant event or change in the circumstances that is within its control and affects its ability to exercise or not to exercise the option to renew or to terminate the contract.

Incremental borrowing rate for lease agreements
The Group cannot readily determine the interest rate implicit in the lease agreement, therefore, it uses its Incremental Borrowing Rate ("IBR") to measure lease liabilities. The IBR is the rate of interest that the Group would have to pay to borrow over a similar term, and with a similar security, the funds necessary to obtain an asset of a similar value to the right of use asset in a similar economic environment. The IBR therefore reflects what the Group 'would have to pay', which requires estimation when no observable rates are available, such as for subsidiaries that do not enter into financing transactions or when they need to be adjusted to reflect the terms and conditions of the lease. The Group estimates the IBR using observable inputs, such as market interest rates when available and is required to make certain entity-specific estimates.

Zakat
The Group and its subsidiaries are subject to zakat in accordance with the Regulations of Zakat, Tax and Customs Authority (the "ZATCA") in the Kingdom of Saudi Arabia, and the provision is charged to the statement of comprehensive income. Additional zakat liabilities, if any, resulting from the final assessments raised by (the "ZATCA") for previous years are accounted for in the year in which this final assessment is issued.

5. NEW STANDARDS AND AMENDMENTS ISSUED BUT NOT YET EFFECTIVE

The new and amended standards and interpretations that are issued, but not yet effective, up to the date of issuance of the Group's consolidated financial statements are disclosed below. The Group intends to adopt these new and amended standards and interpretations, if applicable, when they become effective.

Amendments to IFRS 16: Lease Liability in a Sale and Leaseback
In September 2022, the IASB issued amendments to IFRS 16 to specify the requirements that a seller-lessee uses in measuring the lease liability arising in a sale and leaseback transaction, to ensure the seller-lessee does not recognise any amount of the gain or loss that relates to the right of use it retains.

The amendments are effective for annual reporting periods beginning on or after 1 January 2024 and must applied retrospectively to sale and leaseback transactions entered into after the date of initial application of IFRS 16. Earlier application is permitted and that fact must be disclosed.

The amendments are not expected to have a material impact on the Group's financial statements.

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5. NEW STANDARDS AND AMENDMENTS ISSUED BUT NOT YET EFFECTIVE (continued)

Amendments to IAS 1: Classification of Liabilities as Current or Non-current

In January 2020 and October 2022, the IASB issued amendments to paragraphs 69 to 76 of IAS 1 to specify the requirements for classifying liabilities as current or non-current. The amendments clarify:
• What is meant by a right to defer settlement
• That a right to defer must exist at the end of the reporting period
• That classification is unaffected by the likelihood that an entity will exercise its deferral right
• That only if an embedded derivative in a convertible liability is itself an equity instrument would the terms of a liability not impact its classification

In addition, a requirement has been introduced to require disclosure when a liability arising from a loan agreement is classified as non-current and the entity's right to defer settlement is contingent on compliance with future covenants within twelve months.

The amendments are effective for annual reporting periods beginning on or after 1 January 2024 and must be applied retrospectively. The Group is currently assessing the impact the amendments will have on current practice and whether existing loan agreements may require renegotiation.

Supplier Finance Arrangements - Amendments to IAS 7 and IFRS 7
In May 2023, the IASB issued amendments to IAS 7 Statement of Cash Flows and IFRS 7 Financial Instruments: Disclosures to clarify the characteristics of supplier finance arrangements and require additional disclosure of such arrangements. The disclosure requirements in the amendments are intended to assist users of financial statements in understanding the effects of supplier finance arrangements on an entity's liabilities, cash flows and exposure to liquidity risk.

The amendments will be effective for annual reporting periods beginning on or after 1 January 2024. Early adoption is permitted but will need to be disclosed.

The amendments are not expected to have a material impact on the Group's financial statements.

6. PROPERTY AND EQUIPMENT

	Computers & equipment SR	*Furniture & fixtures SR*	*Leasehold improvement SR*	*Vehicle SR*	***Total SR***
Cost:					
At 1 July 2022	835,331	715,512	5,975,769	-	**7,526,612**
Additions during the year	515,759	193,386	329,419	55,200	**1,093,764**
Disposal during the year	(35,396)	-	(110,434)	-	**(145,830)**
At 30 June 2023	**1,315,694**	**908,898**	**6,194,754**	**55,200**	**8,474,546**
Depreciation:					
At 1 July 2022	328,676	12,881	75,311	-	**416,868**
Depreciation charge for the year	263,853	118,822	608,421	2,722	**993,818**
Related to disposal during the year	(3,363)	-	(1,380)	-	**(4,743)**
At 30 June 2023	**589,166**	**131,703**	**682,352**	**2,722**	**1,405,943**
Net book value:					
At 30 June 2023	**726,528**	**777,195**	**5,512,402**	**52,478**	**7,068,603**

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6. PROPERTY AND EQUIPMENT (continued)

	Computers & equipment SR	*Furniture & fixtures SR*	*Leasehold improvement SR*	*Total SR*
Cost:				
At 1 July 2021	457,981	363,954	583,934	1,405,869
Additions during the year	377,350	715,032	5,975,769	7,068,151
Disposals during the year	-	(363,474)	(583,934)	(947,408)
At 30 June 2022	835,331	715,512	5,975,769	7,526,612
Depreciation:				
At 1 July 2021	176,877	112,774	117,701	407,352
Depreciation charge for the year	151,799	58,180	147,988	357,967
Related to disposals during the year	-	(158,073)	(190,378)	(348,451)
At 30 June 2022	328,676	12,881	75,311	416,868
Net book value:				
At 30 June 2022	506,655	702,631	5,900,458	7,109,744

7. RIGHT-OF-USE-ASSET

During 2022, the Group has entered into various lease agreements for the head office building both as lessee and sub-lessor. The Group's lease payments are fixed over the lease terms and the payments for the leases are discounted using an incremental borrowing rate of 7.45% (30 June 2022: 7.45%).

	30 June 2023 SR	*30 June 2022 SR*
At the beginning of the year	**9,577,188**	234,277
Depreciation charge for the year	**(1,222,620)**	(438,047)
Additions during the year	-	13,732,860
Disposals during the year (*)	-	(3,951,902)
At the end of the year	**8,354,568**	9,577,188

(*) Disposals during prior year related to the sub lease of the head office building, as the Group has sub leased one floor to a different tenant (note 10).

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8. INTANGIBLE ASSETS

The Group has established online platforms from which the Group expects to receive future economic benefits and is currently under progress and no amortization is charged.

	Software *SR*	*Work in progress* *SR*	***Total*** ***SR***
Cost:			
At 1 July 2022	935,672	471,854	**1,407,526**
Additions during the year	-	335,134	**335,134**
At 30 June 2023	**935,672**	**806,988**	**1,742,660**
Accumulated amortisation:			
At 1 July 2022	935,672	-	935,672
At 30 June 2023	**935,672**	**-**	**935,672**
Net book value:			
At 30 June 2023	-	**806,988**	**806,988**

	Software *SR*	*Work in progress* *SR*	*Total* *SR*
Cost:			
At 1 July 2021	935,672	-	935,672
Additions during the year	-	471,854	471,854
At 30 June 2022	935,672	471,854	1,407,526
Accumulated amortisation:			
At 1 July 2021	638,686	-	638,686
Charged during the year (note 27)	296,986	-	296,986
At 30 June 2022	935,672	-	935,672
Net book value:			
At 30 June 2022	-	471,854	471,854

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9. INVESTMENT IN AN ASSOCIATE

Below is the details of investment in an in associate:

Name	*Country of incorporation*	*Percentage of ownership* **30 June 2023**	*30 June 2022*
National Real Estate Platform (Aqarek) Company	Saudi Arabia	**32.68%**	35.45%

	30 June 2023	*30 June 2022*
At the beginning of the year	**789,258**	-
Share in profit from investment in an associate	**1,779,434**	865,258
Disposal during the year	**(252,528)**	(114,000)
Additions during the year	**-**	38,000
At the end of the year	**2,316,164**	789,258

During 2022, the Group established National Real Estate Platform (Aqarek) and initially hold 38% shares of Company and sold 2.55% holding during prior year, having a carrying value of SR 114,000, and this has resulted in a gain of SR 4,778,000 (note 31). During the year ended 30 June 2023, the Group sold another 2.77% holding, that having a carrying value of SR 252,528, and this has resulted in a gain of SR 5,295,473 (note 31) and the Group still hold significant influence over the investee Company.

National Real Estate Platform (Aqarek) Company registered in the Kingdom of Saudi Arabia is a limited liability company. The Company is engaged in real estate activities, consultancy, advisory services, computer programming, data processing and web related activities.

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9. INVESTMENT IN AN ASSOCIATE (continued)

Summarized financial information in respect of the Group's associate is set out below. The summarized financial information below represents amounts shown in the associate's audited financial statements.

Statement of financial position	***30 June 2023 SR***	*30 June 2022 SR*
Current assets	**44,903,377**	32,234,187
Non-current assets	**2,485,843**	826,254
Current liabilities	**(34,208,986)**	(11,878,285)
Non-current liabilities	**(5,620,732)**	(17,836,960)
Equity	**7,559,502**	3,345,196

Statement of comprehensive income	***30 June 2023 SR***	*30 June 2022 SR*
Revenue	**16,844,768**	6,755,123
Total income for the year	**4,214,306**	3,245,196
Total comprehensive income for the year	**4,214,306**	3,245,196

10. INVESTMENT IN FINANCE LEASE

During 2022, the Group entered into an agreement with Real Estate Projects Fund Company, whereby the Group leased the three-floor building for a period of 8 years. The Group became a lessee and therefore had to record a right of use asset and lease liability under IFRS 16. However, during the same month, the Company sub-leased floor 2 and 3 to two different tenants. Floor 2 was sub-leased for the 2 years, while floor 3 was sub-leased for a period of 8 years. The sublease of floor 2 was categorized as an operating lease while floor 3 was categorized as a finance lease. As a result, the Group recognized 'net investment in lease' for the sub-lease. The movement is as follows:

	30 June 2023 SR	*30 June 2022 SR*
At the beginning of the year	**5,201,280**	-
Payment received during the year	**(672,000)**	(336,000)
Additions during the year	-	5,537,280
At the end of the year	**4,529,280**	5,201,280

Lease payments receivable are disclosed in the consolidated statement of financial position as follows:

	30 June 2023 SR	*30 June 2022 SR*
Current	**672,000**	672,000
Non-current	**3,857,280**	4,529,280
Total	**4,529,280**	5,201,280

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11. FINANCIAL ASSETS AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME

		Ownership interest (%)		***30 June***	*30 June*
	Country	***30 June 2023***	*30 June 2022*	***2023 SR***	*2022 SR*
Unquoted investments					
SITECH Inc. (a)	Cayman Islands	**3.28%**	3.28%	**1,250,207**	1,127,100
US & Global Tech Opportunities Holding Company (b)	Bahrain	**0.74%**	0.74%	**520,674**	756,424
				1,770,881	1,883,524

The movement in the unquoted investment during the year was as follows:

	30 June 2023 SR	*30 June 2022 SR*
At the beginning of the year	**1,883,524**	1,878,500
Change in fair value	**135,082**	5,024
Disposal proceeds	**(247,725)**	-
At the end of the year	**1,770,881**	1,883,524

(a) During 2021, the Group invested SR 1,127,100 to purchase 1,394 shares in Sitech Inc. which is a company established under the laws of the Cayman Islands (company number VC-343497), with its registered office at 19 Walkers Road, PO Box 2677, Grand Cayman, KY1-1111, Cayman Islands. The business of Sitech Inc. involves technology development and consulting services pursuant to which it will act as an incubator that will build software and products that are spun out into standalone businesses partly or wholly-owned by Sitech Inc. The Group's share in ownership is 3.28%.

(b) During 2021, the Group invested SR 751,400 to purchase 2,000 shares (0.74%) of US & Global Tech Opportunities Holding Company through GFH Financial Group B.S.C., P. O. Box 10006, Manama, Bahrain. The US & Global Tech Opportunities Holding Company is a collective investment vehicle investing in a portfolio of High-Growth, Next-Gen Tech Companies. The overall size of the collective investment vehicle is c. US$ 270 million.

12. FINANCIAL ASSETS AT AMORTISED COST

During the year on 20 June 2023 the Group invested in local Sukuks carrying profit at average rate of 4.91% and maturities up to 2028. The movement in the financial assets at amortised cost during the year was as follows:

	30 June 2023 SR
Investment in Sukuk- quoted	**25,000,150**
Less: Allowance for impairment	**(4,981)**
At the end of the year	**24,995,169**

The fair value of sukuks (at amortized cost) as at 30 June 2023 was SR 24,995,169 million (2022: SR nil).

Below is the analysis of the investment in amortised cost:

	30 June 2023 SR
Fixed rate investment in Sukuk- quoted	**24,995,169**

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13. FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

The movement of investment in FVPL during the year was as follows:

	30 June 2023 SR	*30 June 2022 SR*
At the beginning of the year	**17,000,000**	10,000,000
Additions	**28,019,473**	20,486,284
Disposals	**(20,000,000)**	(13,486,284)
At the end of the year	**25,019,473**	17,000,000

Group financial assets at fair value through profit or loss amounting to SR 25,019,473 (30 June 2022: SR 17,000,000) represents investment in a Mutual Fund through a brokerage company of a local bank in Saudi Arabia. The intention of the Group is to take advantage of the upside movement in price, efficiently manage the short-term excess liquidity and record any gain or loss in the fair value to profit or loss account. During the year the unrealised fair value gain was recorded at SR 788,945 (30 June 2022: SR nil).

The Group sold financial assets at fair value through profit or loss and this has resulted in a gain of SR 230,528 (2022: SR 441,171).

14. RELATED PARTY TRANSACTIONS AND BALANCES

Related parties comprise of partners, key management personnel, directors and businesses which are controlled directly or indirectly or influenced by the partners, directors or key management personnel. In the normal course of business, the Group has various transactions with its related parties. Transactions are entered into with the related parties on terms and conditions approved by either the Group's management or its Board of Directors.

Related party	***Nature of relationship***
Saudi AZM Holding Company	Shareholder
Itmam Consultancy Company	Affiliate
AZM Financial Technology Company	Affiliate
Azm Digital Company for Communication and Information Technology	Affiliate
Business Innovation Mine Company	Affiliate
Future Communications Company	Affiliate
National Real Estate Platform (Aqarek) Company	Associate

Related party	***Nature of transaction***	***2023 SR***	*2022 SR*
AZM Financial Technology Company	Revenue	**6,000,101**	6,880,311
	Expenses	**28,464,194**	21,823,682
Itmam Consultancy Company	Revenue	**15,894,693**	-
	Expenses	**264,563**	-
Business Innovation Mine Company	Revenue	**454,192**	1,144,677
	Expenses	**236,370**	435,925
Future Communications Company	Revenue	**66,367**	-

Related parties balances at year end are as follows:

Due from related parties:	***30 June 2023 SR***	*30 June 2022 SR*
National Real Estate Platform (Aqarek) Company	**1,102,000**	1,102,000
AZM Holdings	**35,210**	-
AZM Financial Technology Company	-	178,993
	1,137,210	1,280,993

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14. RELATED PARTY TRANSACTIONS AND BALANCES (continued)

	30 June 2023 SR	*30 June 2022* SR
Due to related parties:		
AZM Financial Technology Company	**8,483,674**	-
AZM Digital Company	**53,906**	-
	8,537,580	-

Compensation to key management and Board of Directors' personnel
Key management personnel compensation comprised the following:

	2023 SR	*2022* SR
Short-term employee benefits	**2,436,944**	2,363,528
End of service benefits	**218,499**	252,875
Board of Directors' remuneration (note 29)	**421,000**	-
	3,076,443	2,616,403

15. CONTRACT REVENUE, ASSETS & LIABILITIES

The contract assets primarily relate to the Group's rights to consideration for work completed but not billed at the reporting date. The contract assets are transferred to receivables when the rights become unconditional. This usually occurs when the Group issues an invoice to the customer.

	30 June 2023 SR	*30 June 2022 SR*
Contract cost incurred (note 27)	**151,895,285**	121,749,747
Add: recognized profits	**38,473,882**	30,810,721
Total revenue	**190,369,167**	152,560,468
Billing issued during the year	**(194,106,520)**	(148,922,292)
Contract liabilities	**24,691,027**	9,910,860
Contract assets, gross	**20,953,674**	13,549,036
Contract assets		
Contract assets, gross	**20,953,674**	13,549,036
Less: expected credit loss	**(415,071)**	(106,325)
Contract assets, net	**20,538,603**	13,442,711

Set out below is the movement in the provision for expected credit losses of trade receivables:

At the beginning of the year	**(106,325)**	(12,902)
Charged during the year	**(308,746)**	(93,423)
At the end of the year	**(415,071)**	(106,325)

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15. CONTRACT REVENUE, ASSETS & LIABILITIES (continued)

Set out below is the disaggregation of the Company's revenue from contracts with customers:

	2023 ***SR***	*2022* *SR*
Major product / Service line		
Enterprise services	**90,160,481**	89,445,689
Proprietary technologies	**40,642,972**	9,333,691
Platforms for third parties	**35,050,363**	14,582,507
Advisory	**24,515,351**	39,198,581
	190,369,167	152,560,468
Type of customers		
Government customers	**95,538,136**	85,500,721
Private customers	**49,569,212**	32,504,693
Semi-government customers	**45,261,819**	34,555,054
	190,369,167	152,560,468
Timing of revenue recognition		
Goods or services transferred to customers:		
- over time	**165,696,792**	134,955,012
- point in time	**24,672,375**	17,605,456
	190,369,167	152,560,468
Kingdom of Saudi Arabia	**190,369,167**	152,560,468

16. TRADE RECEIVABLES

	30 June 2023 **SR**	*30 June 2022* SR
Trade receivables	**25,586,326**	12,401,382
Less: Allowance for expected credit losses	**(1,666,625)**	(1,198,336)
	23,919,701	11,203,046

Trade receivables comprise of interest free net receivables due from customers with no credit rating. Unimpaired accounts receivable are expected, on the basis of past experience, to be fully recoverable. It is not the practice of the Group to obtain collateral over receivables and vast majority are, therefore, unsecured.

Set out below is the movement in the provision for expected credit losses of trade receivables:

	30 June 2023 **SR**	*30 June 2022* SR
At the beginning of the year	**1,198,336**	561,341
Provision charged for expected credit losses	**468,289**	636,995
At the end of the year	**1,666,625**	1,198,336

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16. TRADE RECEIVABLES (continued)

The following table details the risk profile of accounts receivable based on the Group's provision matrix. As the Group's historical credit loss experience does not show significantly different loss pattern for different customer segments, the allowance for expected credit losses based on past due status is not further distinguished between the Group's different customer types.

30 June 2023	***Current SR***	***1- 90 days SR***	***91-180 days SR***	***180-270 days SR***	***271-365 days SR***	***More than 365 days SR***	***Total SR***
ECL rate %	1.48%	4.84%	8.61%	25%	81.39%	100%	
Gross carrying amount	**17,077,715**	**4,508,134**	**945,849**	**2,492,350**	**381,976**	**180,302**	**25,586,326**
Expected credit loss	**252,484**	**218,396**	**81,454**	**623,087**	**310,902**	**180,302**	**1,666,625**

30 June 2022	*Current SR*	*1- 90 days SR*	*91-180 days SR*	*180-270 days SR*	*271-365 days SR*	*More than 365 days SR*	*Total SR*
ECL rate %	0.29%	1.30%	5.31%	25%	-	100%	
Gross carrying amount	2,234,503	5,940,887	1,420,117	2,355,456	-	450,419	12,401,382
Expected credit loss	6,582	77,090	75,412	588,833		450,419	1,198,336

17. PREPAYMENTS AND OTHER CURRENT ASSETS

	***30 June 2023* SR**	*30 June 2022* SR
Letters of bank guarantees	**8,527,276**	8,400,912
Prepaid expenses	**914,470**	2,015,491
Advances against investment	**900,000**	900,000
Employees' advances	**267,139**	381,902
Advances to suppliers, net	**198,480**	716,930
	10,807,365	12,415,235

18. BANK BALANCES

	30 June 2023 SR	*30 June 2022 SR*
Bank balances	**27,595,279**	27,221,636

19. SHARE CAPITAL

The share capital of the Group amounted to SR 30 million (30 June 2022: SR 30 million) divided into authorised and fully paid 60 million shares, (30 June 2022: 3 million shares) of SR 0.5 each share (30 June 2022: SR 10 each shares).

During the year, Extraordinary General Assembly Meeting of the Company was held on 29 Duh Al-Qi'dah 1444H (corresponding to 18 June 2023), shareholders approved a change in the nominal value of shares. The nominal value was amended from 10 SR to 0.5 SR, resulting in a share split and an increase in the number of shares from 3 million shares to 60 million shares.

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20. TREASURY STOCK

During the year ended 30 June 2023, the Group completed the purchase of 57,502 shares based on the approval from General Assembly Dated 3 Muharram 1444H (corresponding to 1 August 2022) of its own shares with an amount of SR 11.133 million to be allocated to the Employees' Long-term Incentives Program and high performing employee.

The Program intends to attract, motivate and retain employees responsible for the achievement of the Group's goals and strategy. The Program provides a share-based payment plan for eligible employees participating in the Program by granting them shares in the Company upon completing the duration of service. The group accounts for the share based payment plan program as an equity-settled plan.

	30 June 2023 SR
Treasury shares purchased during the year	**11,133,250**
Treasury shares distributed during the year	**(3,713,972)**
Adjustment in retained earnings	**(175,297)**
	7,243,981

The expense recognised for employee services received during the year is shown in the following table:

	30 June 2023 SR
Expense arising from equity-settled share-based payment transactions	**2,149,582**

21. STATUTORY RESERVE

In accordance with the Companies' Law, the Group sets aside 10% of its net income each year as statutory reserve until such reserve equals to 30% of the share capital. This reserve is currently not available for distribution to the shareholders of the Group.

22. EMPLOYEES' DEFINED BENEFITS LIABILITIES

The movement in provision for employee defined benefits liabilities for the year ended is as follows:

	30 June 2023 SR	*30 June 2022 SR*
Balance at the beginning of the year	**3,662,919**	3,538,546
Current service cost	**2,662,614**	2,083,048
Interest expense (note 30)	**134,817**	51,661
Amount recognized in statement of income	**2,797,431**	2,134,709
Re-measurements		
Actuarial gain	**(282,460)**	(172,102)
Amount recognized in other comprehensive income	**(282,460)**	(172,102)
Benefits paid during the year	**(957,891)**	(1,838,234)
Transferred to related party	**(138,899)**	-
Balance at the end of the year	**5,081,100**	3,662,919

22. EMPLOYEES' DEFINED BENEFITS LIABILITIES (continued)

Significant actuarial assumptions

The Group carried out an employee benefits actuarial valuation, using the projected unit credit method, of its liability as at 30 June 2023 and 2022 arising from the end of service benefits to qualifying in-service employees.

The following were the principal actuarial assumptions:

	30 June 2023	*30 June 2022*
Key actuarial assumptions		
Discount rate used	**4.80%**	3.95%
Salary growth rate	**5.50%**	5.50%
Mortality rate	**0.06%**	0.06%

Sensitivity analysis

Reasonably possible changes as to one of the relevant actuarial assumptions, holding other assumptions constant, would have affected the defined benefit obligation. The following is a sensitivity analysis for the salary inflation and discount rate assumptions that were performed at the previous and current valuation date:

	30 June 2023		*30 June 2022*	
	Base	***1% increase SR***	*Base*	*1% increase SR*
Discount rate	**4.80%**	**4,575,462**	3.95%	4,083,436
Salary growth rate	**5.50%**	**(5,381,293)**	5.50%	(3,578,086)

Risks associated with defined benefit plans

(a) Longevity risks:

The risk arises when the actual lifetime of retirees is longer than expectation. This risk is measured at the plan level over the entire retiree population.

(b) Salary increase risk:

The most common type of retirement benefit is one where the benefit is linked with final salary. The risk arises when the actual salary increases are higher than expectation and impacts the liability accordingly.

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23. LONG AND SHORT-TERM LOANS

The Group has entered into agreement to obtain long term and short-term loans from a financing company and Social Development Bank in the Kingdom of Saudi Arabia outstanding amount to SR 8.5 million (30 June 2022: SR 2 million) with variable commission rates. These loans are secured by personal guarantees of the shareholders and promissory notes.

Total facilities utilized for the year are as follows:

	***30 June 2023* SR**	*30 June 2022* SR
At the beginning of the year	**2,012,606**	11,709,037
Payments during the year	**(2,012,606)**	(9,696,431)
Addition during the year	**8,245,000**	-
At the end of the year	**8,245,000**	2,012,606
Current liabilities	**(4,639,555)**	(2,012,606)
Non-current liabilities	**3,605,445**	-

24. LEASE LIABILITIES

	30 June 2023 SR	*30 June 2022 SR*
At the beginning of the year	**13,118,508**	181,314
Additions during the year	**-**	13,732,860
Payments during the year	**(2,251,800)**	(1,307,214)
Interest on lease liabilities	**721,128**	511,548
At the end of the year	**11,587,836**	13,118,508
Current portion	**(2,251,800)**	(2,251,800)
Non-current portion	**9,336,036**	10,866,708
Following is the aggregate maturities of lease liabilities:		
Within one year	**2,251,800**	2,251,800
Two to five years	**9,277,416**	9,007,200
More than five years	**4,773,816**	6,169,932
Total undiscounted lease commitments	**16,303,032**	17,428,932

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24. LEASE LIABILITIES (continued)

	30 June 2023 SR	*30 June 2022 SR*
Future minimum lease payment	**16,303,032**	17,428,932
Less: un-amortized finance charges	**(4,715,196)**	(4,310,424)
Present value of minimum lease payment	**11,587,836**	13,118,508
Less: current-portion of lease payment	**(2,251,800)**	(2,251,800)
Non-current portion	**9,336,036**	10,866,708

25. ACCRUED EXPENSES AND OTHER LIABILITIES

	30 June 2023 **SR**	*30 June 2022* SR
Accrued salaries and related benefits	**18,576,538**	10,587,773
VAT Payable	**5,236,721**	555,542
Unearned finance income	**1,071,145**	1,362,681
Retention payable	**433,295**	433,295
Unearned income	**183,231**	892,606
Security deposit	**115,355**	115,355
Withholding tax payable	**80,544**	350,078
	25,696,829	14,297,330
Non-current portion	**(923,838)**	(1,186,501)
Current portion	**24,772,991**	13,110,829

26. ZAKAT AND INCOME TAX

	30 June 2023 SR	*30 June 2022 SR*
Zakat payable	**2,290,694**	1,581,198
Income tax payable	**196,008**	-
	2,486,702	1,581,198

Charge for the year

Zakat and income tax charge for the year consists of the following:

	30 June 2023 SR	*30 June 2022 SR*
Zakat provided for the year	**1,439,601**	1,578,716
Income tax charged for the year	**196,008**	-
Zakat adjustments relating to previous years	-	(185,915)
	1,635,609	1,392,801

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26. ZAKAT AND INCOME TAX (continued)

Charge for the year (continued)

The major components of the zakat base are as follow:

	30 June 2023 SR	*30 June 2022 SR*
Equity	**51,820,439**	32,554,318
Opening provisions and other adjustments	**28,240,262**	31,246,075
Book value of long-term assets	**(59,943,379)**	(25,229,466)
	20,117,322	38,570,927
Adjusted profit for the year	**31,554,351**	23,379,184
Zakat base	**51,671,673**	61,950,111

The differences between the financial and the zakatable results are mainly due to provisions which are not allowed in the calculation of zakatable income.

Income tax is only applicable to AZM Tajrubah for information technology company. Tax expense is recognised based on management's best estimate of the weighted average annual income tax rate expected for the full financial year applied to the pre-tax income of the year.

The movement in provision for zakat and income tax during the year is as follows:

	30 June 2023 **SR**	*30 June 2022* SR
At the beginning of the year	**1,581,198**	941,005
Charge during the year	**1,635,609**	1,392,801
Paid during the year	**(730,105)**	(752,608)
At the end of the year	**2,486,702**	1,581,198

Status of zakat assessments

The Group filed its zakat return to the Zakat, Tax and Customs Authority (“ZATCA”) up to the financial year ended 30 June 2022 and is still awaiting final zakat assessments.

27. COST OF REVENUE

	2023 SR	*2022 SR*
Salaries, wages and related costs	**114,484,860**	98,878,921
Consulting	**21,025,642**	6,685,127
Travel, transport and vacations	**3,945,080**	2,872,857
Insurance	**3,902,453**	2,469,293
IT expenses	**2,081,175**	8,312,597
Employees' defined benefits liabilities	**1,989,851**	1,358,256
Amortization (note 8)	**-**	296,986
Others	**4,466,224**	875,710
	151,895,285	121,749,747

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28. SELLING AND DISTRIBUTION EXPENSES

	2023 SR	2022 SR
Expected credit loss provision (note 15 & 16)	**777,034**	730,418
Marketing	**24,149**	1,350,740
Exhibition fees	**-**	58,396
	801,183	2,139,554

29. GENERAL AND ADMINISTRATIVE EXPENSES

	2023 SR	2022 SR
Salaries, wages and related costs	**10,852,154**	8,053,342
Professional fees	**1,613,384**	1,568,443
Social insurance	**1,178,519**	910,781
Depreciation of property and equipment (note 6)	**989,075**	357,967
Right-of-use assets depreciation	**707,020**	438,047
End of service benefits	**684,006**	599,645
Insurance	**591,042**	311,649
IT expenses	**429,368**	272,630
Board of directors' and committees remuneration	**421,000**	-
Tax expense	**311,790**	285,716
Training expenses	**274,499**	53,304
Others	**2,295,474**	1,303,023
	20,347,331	14,154,547

30. FINANCE COST

	2023 SR	2022 SR
Interest on lease liabilities	**685,366**	183,315
Finance charges on loan	**344,531**	454,980
Interest on employees' defined benefits liabilities (note 22)	**134,817**	51,661
	1,164,714	689,956

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31. OTHER INCOME

	2023 *SR*	*2022* *SR*
Gain on disposal of investment in associates (note 9)	**5,295,473**	4,778,000
Unrealised gain on the sale of FVPL (note 13)	**788,945**	441,171
Rental income from sub lease	**526,661**	-
Realised gain on the sale of FVPL (note 13)	**230,528**	-
Gain on disposal of property and equipment	**52,174**	347,826
Gain on the disposal of right-of-use assets	**-**	146,367
Others	**769,109**	82,060
	7,662,890	5,795,424

32. EARNINGS PER SHARE

Basic earnings per share is calculated by dividing the income attributable to equity holders of the parent by the weighted average number of ordinary shares in issue during the year.

Diluted earnings per share is calculated by dividing the profit for the year by the adjusted weighted average number of ordinary shares outstanding during the year, to assume conversion of all dilutive potential shares into ordinary shares.

As at 30 June 2023 and 2022, diluted earnings per share is equal to basic earnings per share.

	30 June 2023 SR	*30 June 2022 SR*
Income attributable to equity holders of the parent	**23,081,725**	19,104,434
Weighted average number of ordinary shares (note 19)	**59,501,500**	60,000,000
Basic and diluted, income per share	**0.39**	0.32

33. FINANCIAL ASSETS AND FINANCIAL LIABILITIES

Set out below is a summary of financial assets, other than cash and cash equivalents, held by the Group as at 30 June 2023 and 2022:

	30 June 2023 SR	*30 June 2022 SR*
Financial assets at amortised cost		
Financial assets at amortised cost	**24,995,169**	-
Trade receivables	**23,919,701**	11,203,046
Contract assets	**20,538,603**	13,442,711
Due from related parties	**1,137,210**	1,280,993
Financial assets measured at fair value		
Financial assets at fair value through OCI	**1,770,881**	1,883,524
Financial assets at fair value through profit or loss	**25,019,473**	17,000,000
Total financial assets	**97,381,037**	44,810,274
Total current	**70,614,987**	42,926,750
Total non-current	**26,766,050**	1,883,524

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33. FINANCIAL ASSETS AND FINANCIAL LIABILITIES (continued)

Set out below is a summary of financial liabilities, other than cash, held by the Group as at 30 June 2023 and 2022:

	30 June 2023 SR	*30 June 2022 SR*
Financial liabilities at amortised cost		
Long-term loans	**3,605,445**	-
Current portion of long-term loan	**4,639,555**	2,012,606
Trade payables	**3,251,888**	11,192,609
Due to related parties	**8,537,580**	-
Contract liabilities	**24,691,027**	9,910,860
Total financial liabilities	**44,725,495**	23,116,075
Total current	**41,120,050**	23,116,075
Total non-current	**3,605,445**	-

The fair values of the financial assets and liabilities of the Group at the reporting date are not materially different from their carrying values as at 30 June 2023 and 2022.

34. FAIR VALUE HIERARCHY

The following table provides the fair value measurement hierarchy of the Group's financial assets as at 30 June 2023 and 2022. There are no financial liabilities measured at fair value.

		Fair value measurement using		
As at 30 June 2023	***Total SR***	***Quoted prices in active markets (Level 1) SR***	***Significant observable inputs (Level 2) SR***	***Significant unobservable inputs (Level 3) SR***
Financial assets measured at fair value				
Financial assets at fair value through other comprehensive income	**1,770,881**	-	-	**1,770,881**
Financial assets measured at fair value				
Financial assets at fair value through profit or loss	**25,019,473**	**25,019,473**	-	-
As at 30 June 2022				
Financial assets measured at fair value				
Financial assets at fair value through other comprehensive income	1,883,524	-	-	1,883,524
Financial assets measured at fair value				
Financial assets at fair value through profit or loss	17,000,000	17,000,000	-	-

SAUDI AZM FOR COMMUNICATION AND INFORMATION TECHNOLOGY COMPANY AND ITS SUBSIDIARIES
(A SAUDI JOINT STOCK COMPANY)

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)
30 June 2023

34. FAIR VALUE HIERARCHY (continued)

There were no transfers between Level 1 and Level 2 fair value measurements during the year, and no transfers into or out of Level 3 fair value measurements during the year ended 30 June 2023.

All financial instruments for which fair value is recognised or disclosed are categorised within the fair value hierarchy, based on the lowest level input that is significant to the fair value measurement as a whole, as follows:

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.

35. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

Introduction
The Group's objective in managing risk is the creation and protection of shareholder value. Risk is inherent in the Group's activities, but it is managed through a process of ongoing identification, measurement and monitoring, subject to risk limits and other controls. The process of risk management is critical to the Group's continuing profitability. The Group is exposed to market risk (which includes interest rate risk, currency risk and price risk), liquidity risk, credit risk and investment holding period risk arising from the financial instruments it holds.

Financial risk factors
The Group's financial assets include cash and cash equivalents, trade receivables, contract assets, due from related parties, investment at FVOCI and FVPL and financial assets at amortised cost that result directly from its operations. The Group's financial liabilities comprise of borrowings, contract liabilities, due to related parties, trade and other payables.

The Group is exposed to market risk (currency risk, interest rate risk), credit risk, and liquidity risk.

This note presents information about the Group's exposure to each of the above risks, the Group's objectives, policies and processes for measuring and managing risk, and the Group's management of capital.

Risk management framework
The Board of Directors has an overall responsibility for the establishment and oversight of the Group's risk management framework. The Board is responsible for developing and monitoring the Group's risk management policies. Management reports regularly to the Board of Directors on its activities.

The Group's risk management policies are established to identify and analyse the risks faced by the Group, to set appropriate risk limits and controls, and to monitor risks and adherence to limits. Risk management policies and systems are reviewed regularly to reflect changes in market conditions and the Group's activities. The Group, through its training and management standards and procedures, aims to develop a disciplined and constructive control environment in which all employees understand their roles and obligations.

Risk management structure
A cohesive organisational structure is established within the Group in order to identify, assess, monitor and control risks.

Board of Directors
The apex of risk governance is the centralised oversight of the Board of Directors providing direction and the necessary approvals of strategies and policies in order to achieve defined corporate goals.

Senior management
Senior management is responsible for the day to day operations towards achieving the strategic goals within the Group's pre-defined risk appetite.

Risk mitigation
The risks faced by the Group and the way these risks are mitigated by management are summarised below:

SAUDI AZM FOR COMMUNICATION AND INFORMATION TECHNOLOGY COMPANY AND ITS SUBSIDIARIES
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NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)
30 June 2023

35. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (continued)

Risk mitigation (continued)

(i) Currency risk

Currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate due to changes in foreign exchange rates. In general, assets are typically funded in the same currency as that of the business being transacted to eliminate exchange exposures.

(ii) Interest rate risk

Interest rate risk is the risk that either fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates.

The Group's interest rate risk arises from its borrowings. Borrowings issued at variable rates expose the Group to change in cash flow due to change in interest rates. The Group manages its interest rate risk by having a mix of variable and fixed rate borrowings in order to hedge certain interest rate exposures.

Interest rate sensitivity

The following table demonstrates a reasonably possible change of 100 basis points in interest rates at the reporting date would have increased (decreased) profit or loss by the amount shown below. The analysis assumes that all other variables, in particular foreign currency exchange rates, remain constant.

	Profit or loss	
	100 bp Increase	***100 bp Decrease***
30 June 2023	***SR***	***SR***
Variable-rate instruments	**500,146**	**(500,146)**

	Profit or loss	
	100 bp Increase	*100 bp Decrease*
30 June 2022	*SR*	*SR*
Variable-rate instruments	170,000	(170,000)

(iii) Market risk

Market risk is the risk that changes in market prices, such as currency rates and interest rates that will affect the Group profit or the value of its holdings of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimizing the return.

(iv) Credit risk

Credit risk refers to the risk that a party to a financial instrument will default on its contractual obligations resulting in financial loss to the Group. The Group has adopted a policy of only dealing with creditworthy counterparties, for whom the credit risk is assessed to be low. The Group attempts to control credit risk by monitoring credit exposures, limiting transactions with specific non-related counterparties, and continually assessing the creditworthiness of such non-related counterparties. The Group maintains bank accounts with high credit rated financial institutions.

The table below shows the Group's maximum exposure to credit risk for components of the consolidated statement of financial position.

Financial Assets	***30 June 2023 SR***	*30 June 2022 SR*
Financial assets at fair value through profit or loss	**25,019,473**	17,000,000
Trade receivables	**23,919,701**	11,203,046
Contract assets	**20,538,603**	13,442,711
Financial assets at fair value through other comprehensive income	**1,770,881**	1,883,524
Financial assets at amortised cost	**24,995,169**	-
Due from related parties	**1,137,210**	1,280,993
	97,381,037	44,810,274

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NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)
30 June 2023

35. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (continued)

(iv) Credit risk (continued)

Accounts receivable
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 associated with the industry and sector in which customers operate.

Loss rates are based on actual historic credit loss experience. These rates reflect differences between economic conditions during the year over which the historic data has been collected, current conditions and the Group view of economic conditions over the expected lives of the receivables. Scalar factors are based on actual and forecast gross domestic product growth. The Group provides for receivables by applying the simplified approach to assess the expected credit losses.

Credit concentration
Concentration of credit risk arises when a number of counter-parties are engaged in similar business activities, or activities in the same geographic region, or have similar economic features that would cause their ability to meet contractual obligations to be similarly affected by changes in economic political or other conditions.

No significant concentrations of credit risk were identified by the management as at the reporting date.

The management has conducted an assessment as required under IFRS 9 and based on such assessment, the management believes that there is no need for any significant impairment loss against the carrying value of cash and cash equivalents, due from related parties and other financial assets.

The following table provides information about the exposure to credit risk and ECLs for accounts receivable and contract asset as at 30 June:

30 June 2023	***Gross carrying amount SR***	***Impairment loss SR***	***Loss allowance %***
Not due	**17,077,715**	**252,484**	**1.48%**
Past due 1-90 days	**4,508,134**	**218,396**	**4.84%**
Past due 91-180 days	**945,849**	**81,454**	**8.61%**
Past due 181-270 days	**2,492,350**	**623,087**	**25.00%**
Past due 271 - 365 days	**381,976**	**310,902**	**81.39%**
More than 365 days	**180,302**	**180,302**	**100.00%**
	25,586,326	**1,666,625**	**6.51%**

30 June 2022	*Gross carrying amount SR*	*Impairment loss SR*	*Loss allowance %*
Not due	2,234,503	6,582	0.29%
Past due 1-90 days	5,940,887	77,090	1.30%
Past due 91-180 days	1,420,117	75,412	5.31%
Past due 181-270 days	2,355,456	588,833	25.00%
Past due 271 - 365 days	-	-	-
More than 365 days	450,419	450,419	100.00%
	12,401,382	1,198,336	9.66%

(v) Liquidity risk

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

SAUDI AZM FOR COMMUNICATION AND INFORMATION TECHNOLOGY COMPANY AND ITS SUBSIDIARIES
(A SAUDI JOINT STOCK COMPANY)
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)
30 June 2023

35. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (continued)

(vi) Liquidity risk (continued)

Management believes that the Group is not exposed to significant risks in relation to liquidity and maintains different lines of credit.

The table below summarizes the maturity profile of the Group financial liabilities based on contractual undiscounted payments:

30 June 2023	***Carrying Amount SR***	***Contractual Cashflow SR***	***Within one year SR***
Current portion of long-term loan	**4,639,555**	**4,639,555**	**4,639,555**
Trade payables	**3,251,888**	**3,251,888**	**3,251,888**
Due to related parties	**8,537,580**	**8,537,580**	**8,537,580**
Contract liabilities	**24,691,027**	**24,691,027**	**24,691,027**
Total	**41,120,050**	**41,120,050**	**41,120,050**

30 June 2022	*Carrying Amount SR*	*Contractual Cashflow SR*	*Within one year SR*
Current portion of long-term loan	2,012,606	2,012,606	2,012,606
Trade payables	11,192,609	11,192,609	11,192,609
Contract liabilities	9,910,860	9,910,860	9,910,860
Total	23,116,075	23,116,075	23,116,075

36. CAPITAL MANAGEMENT

Capital is equity attributable to the shareholders of the Group. The Group objectives when managing capital are to safeguard their ability to continue as a going concern, so that they can continue to provide returns for shareholders and benefits for other stakeholders and maintain an optimal capital structure to reduce the cost of capital.

The management 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 manages its capital structure and makes adjustments to it, in light of change in economic conditions. The management monitors the return on capital, which the Group defines as result from operating activities divided by total shareholders' equity. The management also monitors the level of dividends to the shareholders.

There were no changes in the Group's' approach to capital management during the year. The Group is not subject to externally imposed capital requirements. The Group's debt to adjusted capital ratio at the end of the reporting period was as follows:

	30 June 2023 SR	*30 June 2022 SR*
Total liabilities	**89,577,962**	55,776,030
Less: cash and bank balances	**(27,595,279)**	(27,221,636)
Net debt	**61,982,683**	28,554,394
Total equity	**69,281,322**	51,820,439
Gearing ratio	**0.89**	0.55

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NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)
30 June 2023

37. MATURITY ANALYSIS OF ASSETS AND LIABILITIES

The table below summarises the maturity profile of the Group's financial assets and liabilities based on contractual undiscounted receipts and payments:

30 June 2023	*Within 12 months SR*	*After 12 months SR*	*Total SR*
ASSETS			
Trade receivables	**23,919,701**	**-**	**23,919,701**
Contract assets	**20,538,603**	**-**	**20,538,603**
Due from related parties	**1,137,210**	**-**	**1,137,210**
Financial assets at fair value through profit or loss	**25,019,473**	**-**	**25,019,473**
Financial assets at fair value through OCI	**-**	**1,770,881**	**1,770,881**
Financial assets at amortized cost	**-**	**24,995,169**	**24,995,169**
TOTAL ASSETS	**70,614,987**	**26,766,050**	**97,381,037**
LIABILITIES			
Trade payable	**3,251,888**	**-**	**3,251,888**
Current portion of long-term loans	**4,639,555**	**-**	**4,639,555**
Due to related parties	**8,537,580**	**-**	**8,537,580**
Contract liabilities	**24,691,027**	**-**	**24,691,027**
TOTAL LIABILITIES	**41,120,050**	**-**	**41,120,050**

30 June 2022	*Within 12 months SR*	*After 12 months SR*	*Total SR*
ASSETS			
Trade receivables	11,203,046	-	11,203,046
Contract assets	13,442,711	-	13,442,711
Due from related parties	1,280,993	-	1,280,993
Financial assets at fair value through profit or loss	17,000,000	-	17,000,000
Financial assets at fair value through OCI	-	1,883,524	1,883,524
TOTAL ASSETS	42,926,750	1,883,524	44,810,274
LIABILITIES			
Trade payable	11,192,609	-	11,192,609
Current portion of long-term loans	2,012,606	-	2,012,606
Contract liabilities	9,910,860	-	9,910,860
TOTAL LIABILITIES	23,116,075	-	23,116,075

38. CONTINGENCIES

At 30 June, the Group has contingencies for the following bank guarantees:

	2023 SR	*2022 SR*
Letter of guarantees	**25,732,387**	21,704,103

39. SEGMENT INFORMATION

The Group primarily operates its activities within the Kingdom of Saudi Arabia. Thus, the Group's segments are based on business and main activities. Business sectors of the Group represents the following main sectors:

- Enterprise Services
- Advisory
- Proprietary Technologies
- Platforms for third parties

Analysis of revenue and gross profit of the aforementioned main sectors are as follows:

30 June 2023	***Enterprise Services SR***	***Advisory SR***	***Proprietary Technologies SR***	***Platforms for third parties SR***	***Total SR***
Revenue	**90,160,481**	**24,515,351**	**40,642,972**	**35,050,363**	**190,369,167**
Cost of revenue	**(69,039,475)**	**(19,224,514)**	**(32,111,986)**	**(31,519,310)**	**(151,895,285)**
Gross profit	**21,121,006**	**5,290,837**	**8,530,986**	**3,531,053**	**38,473,882**
30 June 2022	*Enterprise Services SR*	*Advisory SR*	*Proprietary Technologies SR*	*Platforms for third parties SR*	*Total SR*
Revenue	89,445,689	39,198,581	9,333,691	14,582,507	152,560,468
Cost of revenue	(70,375,176)	(30,881,076)	(8,825,509)	(11,667,986)	(121,749,747)
Gross profit	19,070,513	8,317,505	508,182	2,914,521	30,810,721

The Group management does not believe that distributing the assets and liabilities for the Group's operations is appropriate to the internal administrative analysis. Accordingly, no information has been disclosed on the operating segments.

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

40. SUBSEQUENT EVENT

In the opinion of management, there have been no significant subsequent events since 30 June 2023 that would have a material impact on the financial position or financial performance of the Group as reflected in these consolidated financial statements.

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NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)
30 June 2023

41. COMPARATIVE FIGURES

Certain comparative figures have been reclassified to conform with the presentation in the current year as below:

	Amounts as previously presented SR	*Reclassification SR*	*Reclassified amounts SR*
As at 30 June 2022			
Selling and distribution expenses (i)	1,409,136	730,418	2,139,554
General and administrative expenses (i) (ii)	14,953,085	(798,538)	14,154,547
Other income (ii)	5,863,544	(68,120)	5,795,424
Investment in an associate (iii)	1,891,258	(1,102,000)	789,258
Due from related parties (iii)	178,993	1,102,000	1,280,993
Investment in Finance lease (iv)	5,201,280	(672,000)	4,529,280
Current portion of investment in finance lease (iv)	-	672,000	672,000

(i) The Group has reclassified from general and administrative expenses to selling and distribution expenses amounting to SR 730,418 pertains to the expected credit losses provision.

(ii) The Group has reclassified from other income to general and administrative expenses amounting to SR 68,120 pertains to the employee salaries compensation.

(iii) The Group has reclassified from investment in an associate to due from related parties amounting to SR 1,102,000 pertains to the amount receivable from the associate.

(iv) The Group has reclassified from investment in finance lease to Current portion of investment in finance lease amounting to SR 672,000 pertains to the current portion of investment in finance lease.

42. APPROVAL OF THE CONSOLIDTED FINANCIAL STATEMENTS

The consolidated financial statements have been approved by the Board of Directors, on 12 Rabi Al-Awwal 1445H (corresponding to 27 September 2023).

6.3. Audited consolidated financial statements for the fiscal year ended June 30, 2024

عزم السعودية
SAUDI AZM

Saudi AZM for Communication and Information Technology Company
(A Saudi Joint Stock Company)

Consolidated financial statements and independent auditor's report for the year ended 30 June 2024

Saudi AZM for Communication and Information Technology Company
(A Saudi Joint Stock Company)
Consolidated financial statements
For the year ended 30 June 2024

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Independent auditor's report to the shareholders of Saudi AZM for Communication and Information Technology Company

Report on the audit of the consolidated financial statements

Our opinion

In our opinion, the consolidated financial statements present fairly, in all material respects, the consolidated financial position of Saudi AZM for Communication and Information Technology Company (the "Company") and its subsidiaries (together the "Group") as at 30 June 2024, and its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with International Financial Reporting Standards, that are endorsed in the Kingdom of Saudi Arabia, and other standards and pronouncements issued by the Saudi Organization for Chartered and Professional Accountants (SOCPA).

What we have audited

The Group's consolidated financial statements comprise:

- the consolidated statement of financial position as at 30 June 2024;
- the consolidated statement of comprehensive income for the year then ended;
- the consolidated statement of changes in equity for the year then ended;
- the consolidated statement of cash flows for the year then ended; and
- the notes to the consolidated financial statements, comprising material accounting policy information and other explanatory information.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing, that are endorsed in the Kingdom of Saudi Arabia. Our responsibilities under those standards are further described in the *Auditor's responsibilities for the audit of the consolidated financial statements* section of our report.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence

We are independent of the Group in accordance with the International Code of Ethics for Professional Accountants (including International Independence Standards), endorsed in the Kingdom of Saudi Arabia (the "Code"), that is relevant to our audit of the consolidated financial statements and we have fulfilled our other ethical responsibilities in accordance with the Code's requirements.

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Independent auditor's report to the shareholders of Saudi AZM for Communication and Information Technology Company (continued)

Our audit approach

Overview

Key Audit Matter	• Revenue recognition

As part of designing our audit, we determined materiality and assessed the risks of material misstatement in the consolidated financial statements. In particular, we considered where management made subjective judgements; for example, in respect of significant accounting estimates that involved making assumptions and considering future events that are inherently uncertain. As in all of our audits, we also addressed the risk of management override of internal controls, including among other matters consideration of whether there was evidence of bias that represented a risk of material misstatement due to fraud.

We tailored the scope of our audit in order to perform sufficient work to enable us to provide an opinion on the consolidated financial statements as a whole, taking into account the structure of the Group, the accounting processes and controls, and the industry in which the Group operates.

Key audit matters

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

Key audit matter	How our audit addressed the key audit matter
Revenue recognition For the year ended 30 June 2024, the Group's revenue amounted to SR 217.6 million (2023: SR 170.8 million) and comprised of enterprise services, proprietary technologies, advisory and platforms for third parties. Revenue is considered a key audit matter in view of the significance of the amount involved, the susceptibility of such revenue to misstatement and fraud risk, different types of products and services, significant number of transactions and the fact that the Group's management focuses on revenue as one of key performance measures and a driver for the business. *Refer to Notes 3.18, 4.1, 4.3, 15 and 39 to the Group's consolidated financial statements for the accounting policy, significant judgments and related disclosures accordingly.*	Our audit procedures for revenue testing, among other audit procedures, included the following: • Obtained an understanding of the nature of revenue contracts with customers with various significant revenue streams and revenue process, identified and evaluated the relevant controls; • Assessed the consistency and compliance of the related policies with the applicable IFRS that are endorsed in the Kingdom of Saudi Arabia, and other standards and pronouncements issued by SOCPA; • Inspected a sample of revenue contracts and transactions to confirm that the related revenue recognition is compliant with IFRS 15 requirements and to obtain evidence that such transactions occurred; • Inspected a sample of revenue transactions recorded before and after the year-end to assess the appropriateness of revenue recognition in their corresponding period; • Tested, on a sample basis, the accuracy of the estimated cost related projects and related recorded revenue transaction; and • Assessed the adequacy of the disclosures in the Group's consolidated financial statements in accordance with IFRS that are endorsed in the Kingdom of Saudi Arabia.

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Independent auditor's report to the shareholders of Saudi AZM for Communication and Information Technology Company (continued)

Other information

The Board of Directors is responsible for the other information. The other information comprises the information included in the Group's Annual Report, but does not include the consolidated financial statements and our auditor's report thereon, which we obtained prior to the date of this auditor's report.

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

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information identified above 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.

If, based on the work we have performed, on the other information that we obtained prior to the date of this auditor's report, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of the Board of Directors and those charged with governance for the consolidated financial statements

The Board of Directors is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with International Financial Reporting Standards, that are endorsed in the Kingdom of Saudi Arabia and other standards and pronouncements issued by SOCPA, and the applicable requirements of the Regulations for Companies and the Company's By-laws, and for such internal control as Board of Directors 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, the Board of Directors 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 the Board of Directors either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

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

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Independent auditor's report to the shareholders of Saudi AZM for Communication and Information Technology Company (continued)

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 the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with International Standards on Auditing, that are endorsed in the Kingdom of Saudi Arabia, we exercise professional judgment and maintain professional scepticism throughout the audit. We also:

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

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Board of Directors.

- Conclude on the appropriateness of the Board of Directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the Group's audit. We remain solely responsible for our audit opinion.

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

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Independent auditor's report to the shareholders of Saudi AZM for Communication and Information Technology Company (continued)

Auditor's responsibilities for the audit of the consolidated financial statements (continued)

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

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

PricewaterhouseCoopers

Waleed A. Alhidiri
License Number 559

2 Rabi' al-Awwal 1446H
(5 September 2024)

5

Saudi AZM for Communication and Information Technology Company
(A Saudi Joint Stock Company)
Consolidated statement of financial position
As at 30 June 2024

Assets	Note	30 June 2024 SR	30 June 2023 SR
Non-current assets			
Property and equipment	6	**6,706,128**	7,068,603
Right-of-use assets	7	**21,538,169**	8,354,568
Intangible assets	8	**2,790,525**	806,988
Investment in an associate	9	**5,438,097**	2,316,164
Investment in finance lease	10	**3,185,280**	3,857,280
Financial assets at fair value through other comprehensive income	11	**1,437,496**	1,770,881
Financial assets held at amortised cost	12	**31,184,988**	24,995,169
Total non-current assets		**72,280,683**	49,169,653
Current assets			
Current portion of investment in finance lease	10	**672,000**	672,000
Financial assets at fair value through profit or loss	13	**26,001,999**	25,019,473
Due from related parties	14	**127,034**	1,137,210
Contract assets	15	**82,694,059**	20,538,603
Trade receivables	16	**34,422,658**	23,919,701
Prepayments and other current assets	17	**13,512,079**	10,807,365
Cash and cash equivalents	18	**11,957,376**	27,595,279
Total current assets		**169,387,205**	109,689,631
Total assets		**241,667,888**	158,859,284
Equity and liabilities			
Equity			
Share capital	19	**30,000,000**	30,000,000
Treasury stock	20	**(16,609,332)**	(7,243,981)
Statutory reserve	21	**-**	5,923,890
Share based payment reserve		**954,555**	495,250
Retained earnings		**74,099,175**	39,246,185
Equity attributable to equity holders of the Company		**88,444,398**	68,421,344
Non-controlling interest		**3,102,632**	859,978
Total equity		**91,547,030**	69,281,322
Liabilities			
Non-current liabilities			
Employees’ defined benefits liabilities	22	**5,028,340**	5,081,100
Long-term loan	23	**-**	3,605,445
Lease liabilities	24	**19,774,449**	9,336,036
Accruals and other liabilities- non-current	25	**692,238**	923,838
Total non-current liabilities		**25,495,027**	18,946,419
Current liabilities			
Current portion of long-term loan	23	**6,094,626**	4,639,555
Short-term loan	23	**5,084,739**	-
Current portion of lease liabilities	24	**4,326,400**	2,251,800
Contract liabilities	15	**33,856,094**	24,691,027
Zakat and income tax provision	26	**4,420,719**	2,486,702
Accruals and other liabilities-current	25	**44,158,485**	24,772,991
Due to related parties	14	**4,156,182**	8,537,580
Trade payables		**22,528,586**	3,251,888
Total current liabilities		**124,625,831**	70,631,543
Total liabilities		**150,120,858**	89,577,962
Total equity and liabilities		**241,667,888**	158,859,284

The accompanying notes 1 to 40 form an integral part of these consolidated financial statements

Chief Financial Officer	Chief Executive Officer	Chairman, Board of Directors

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Saudi AZM for Communication and Information Technology Company
(A Saudi Joint Stock Company)
Consolidated statement of comprehensive income
For the year ended 30 June 2024

		For the year ended 30 June	
		2024	2023 (*)
	Note	**SR**	SR
Revenue	15	**217,638,378**	170,829,037
Cost of revenue	27	**(159,816,161)**	(132,355,155)
Gross profit		**57,822,217**	38,473,882
General and administrative expenses	28	**(28,160,247)**	(20,347,331)
Selling and distribution expenses		**(1,066,702)**	(24,148)
Expected credit losses	15,16	**(918,247)**	(777,035)
Operating profit		**27,677,021**	17,325,368
Share of result from investment in an associate	9	**2,019,933**	1,779,434
Finance cost, net	29	**(1,535,979)**	(1,164,714)
Other income, net	30	**5,061,084**	7,662,890
Profit before zakat and income tax		**33,222,059**	25,602,978
Zakat and income tax	26	**(3,059,516)**	(1,635,609)
Profit for the year		**30,162,543**	23,967,369
Attributable to:			
Equity holders of the Company		**27,948,450**	23,081,725
Non-controlling interest		**2,214,093**	885,644
		30,162,543	23,967,369
Other comprehensive (loss)/income			
Other comprehensive (loss)/income that will not be reclassified to profit or loss in subsequent years:			
Change in fair value on financial assets at fair value through other comprehensive income	11	**(333,385)**	135,082
Remeasurement gain on employees' defined benefit liabilities	22	**907,631**	282,460
Other comprehensive income for the year		**574,246**	417,542
Total comprehensive income for the year		**30,736,789**	24,384,911
Attributable to:			
Equity holders of the Company		**28,494,135**	23,509,494
Non-controlling interest		**2,242,654**	875,417
		30,736,789	24,384,911
Earnings per share			
Basic and diluted earnings per share attributable to the equity holders of the Company	31	**0.47**	0.39

The accompanying notes 1 to 40 form an integral part of these consolidated financial statements

*Certain adjustments (reclassifications and other adjustments) have been made to the comparative consolidated statement of comprehensive income (note 39).

Chief Financial Officer	**Chief Executive Officer**	**Chairman, Board of Directors**

Saudi AZM for Communication and Information Technology Company
(A Saudi Joint Stock Company)
Consolidated statement of changes in equity
For the year ended 30 June 2024

	Total equity attributable to the equity holders of the Company							
	Share capital	**Treasury Stock**	**Statutory reserve**	**Share based payment reserve**	**Retained earnings**	**Equity attributable to equity holders**	**Non-controlling interest**	**Total equity**
	SR	**SR**	**SR**	**SR**	**SR**	**SR**	**SR**	**SR**
As at 1 July 2022	30,000,000	-	3,615,717	-	18,220,161	51,835,878	(15,439)	51,820,439
Profit for the year	-	-	-	-	23,081,725	23,081,725	885,644	23,967,369
Other comprehensive income/(loss) for the year	-	-	-	-	427,769	427,769	(10,227)	417,542
Total comprehensive income for the year	-	-	-	-	23,509,494	23,509,494	875,417	24,384,911
Transfer to statutory reserve	-	-	2,308,173	-	(2,308,173)	-	-	-
Share based payment reserves	-	-	-	495,250	-	495,250	-	495,250
Treasury shares purchased during the year (note 20)	-	(11,133,250)	-	-	-	(11,133,250)	-	(11,133,250)
Treasury shares distributed during the year (note 20)	-	3,889,269	-	-	(175,297)	3,713,972	-	3,713,972
As at 30 June 2023	30,000,000	(7,243,981)	5,923,890	495,250	39,246,185	68,421,344	859,978	69,281,322
As at 1 July 2023	**30,000,000**	**(7,243,981)**	**5,923,890**	**495,250**	**39,246,185**	**68,421,344**	**859,978**	**69,281,322**
Profit for the year	-	-	-	-	**27,948,450**	**27,948,450**	**2,214,093**	**30,162,543**
Other comprehensive income for the year	-	-	-	-	**545,685**	**545,685**	**28,561**	**574,246**
Total comprehensive income for the year	-	-	-	-	**28,494,135**	**28,494,135**	**2,242,654**	**30,736,789**
Transfer from statutory reserve to retained earnings (note 21)	-	-	**(5,923,890)**	-	**5,923,890**	-	-	-
Share based payment reserves (note 20)	-	-	-	**836,055**	-	**836,055**	-	**836,055**
Treasury shares purchased during the year (note 20)	-	**(12,006,309)**	-	-	-	**(12,006,309)**	-	**(12,006,309)**
Treasury shares distributed during the year (note 20)	-	**2,640,958**	-	**(376,750)**	**434,965**	**2,699,173**	-	**2,699,173**
As at 30 June 2024	**30,000,000**	**(16,609,332)**	-	**954,555**	**74,099,175**	**88,444,398**	**3,102,632**	**91,547,030**

The accompanying notes 1 to 40 form an integral part of these consolidated financial statements

Chief Financial Officer	**Chief Executive Officer**	**Chairman, Board of Directors**

Saudi AZM for Communication and Information Technology Company
(A Saudi Joint Stock Company)
Consolidated statement of cash flows
For the year ended 30 June 2024

	Note	For the year ended 30 June 2024 SR	2023 (*) SR
Operating activities			
Profit before zakat and income tax		**33,222,059**	25,602,978
Adjustments to reconcile profit before zakat and income tax to net cash flows:			
Depreciation of property and equipment	6	**1,115,371**	993,818
Depreciation of right-of-use assets	7	**1,466,794**	1,222,620
Provision for employees' defined benefits liabilities	22	**2,328,962**	2,662,614
Expected credit losses	15,16	**918,247**	777,035
Loss on disposal of property and equipment	30	**267**	-
Gain on disposal of investment in an associate	30	**-**	(5,295,473)
Change in fair value of financial assets at fair value through profit or loss	13	**(1,124,875)**	(788,945)
Share of result from investment in an associate	9	**(2,019,933)**	(1,779,434)
Share based payment expenses	20	**646,834**	495,250
Finance income on assets held at amortised cost	30	**(1,669,794)**	-
Finance cost, net	29	**1,535,979**	1,164,714
Rental income	30	**(1,848,547)**	(1,333,813)
		34,571,364	23,721,364
Changes in operating assets and liabilities			
Due from/to related parties, net		**(3,358,010)**	9,732,930
Contract assets		**(62,222,130)**	(7,404,638)
Trade receivables		**(11,354,530)**	(13,184,944)
Prepayments and other current assets		**(1,998,076)**	1,352,096
Contract liabilities		**9,165,067**	14,780,167
Accruals and other current liabilities		**20,284,767**	14,349,359
Trade payables		**19,276,698**	(7,940,721)
		4,365,150	35,405,613
Employees' defined benefits liabilities paid	22	**(1,235,391)**	(957,891)
Zakat and income tax paid	26	**(1,125,499)**	(730,105)
Finance cost paid		**(433,686)**	(479,349)
Net cash flows generated from operating activities		**1,570,574**	33,238,268
Investing activities			
Additions to property and equipment	6	**(755,675)**	(1,093,764)
Proceeds from the disposals of property and equipment		**2,512**	141,087
Additions to intangible assets	8	**(1,951,906)**	(335,134)
Proceeds from the disposal of investment in an associate		**-**	5,548,001
Proceeds from financial assets held at amortised cost		**1,216,323**	-
Purchase of financial assets held at amortised cost	12	**(5,736,348)**	(24,995,169)
Purchase of financial assets at fair value through profit or loss	13	**(40,000,000)**	(27,000,000)
Proceeds from disposal of financial assets at fair value through profit or loss	13	**40,142,349**	19,769,472
Proceeds from financial assets at fair value through other comprehensive income		**-**	247,725
Proceed from investment in finance lease	10	**672,000**	672,000
Rental income received		**1,559,451**	1,333,813
Net cash flows used in investing activities		**(4,851,294)**	(25,711,969)
Financing activities			
Purchase of treasury shares	20	**(12,006,309)**	(11,133,250)
Repayment of principal of long-term loan		**(2,150,374)**	(2,012,606)
Addition to short-term/long term loans	23	**5,000,000**	8,245,000
Principal element of lease payments	24	**(2,137,382)**	(1,530,672)
Interest element of lease payment	24	**(1,063,118)**	(721,128)
Net cash flows used in financing activities		**(12,357,183)**	(7,152,656)
Net change in cash and cash equivalents		**(15,637,903)**	373,643
Cash and cash equivalents at the beginning of the year	18	**27,595,279**	27,221,636
Cash and cash equivalents at the end of the year	18	**11,957,376**	27,595,279

Saudi AZM for Communication and Information Technology Company
(A Saudi Joint Stock Company)
Consolidated statement of cash flows
For the year ended 30 June 2024

	Note	For the year ended 30 June 2024 SR	2023 (*) SR
Non-cash transaction:			
Remeasurement gain on employees' defined benefit liabilities	22	**(907,631)**	(282,460)
Additions to investment in an associate	9	**1,102,000**	-
Transfer from related party	14	**(1,102,000)**	-
Additions to right-of-use assets	7	**14,650,395**	-
Additions to lease liabilities	24	**14,650,395**	-
Capitalisation to intangible assets	8	**31,631**	-

The accompanying notes 1 to 40 form an integral part of these consolidated financial statements

*Certain adjustments (reclassifications and other adjustments) have been made to the comparative consolidated statement of cash flows (note 39).

Chief Financial Officer	Chief Executive Officer	Chairman, Board of Directors

1. Activities

Saudi AZM for Communication and Information Technology Company (the "Company") is a Saudi joint stock company registered in the Kingdom of Saudi Arabia on 11 Rabi Awal 1439H (corresponding to 29 November 2017) under Commercial Registration No. 1010918075. The Company became listed on the parallel market "Nomu" on 1 March 2022 and is in the process of transferring its listing to the main market "TASI".

On 22 Shawwal 1442H (corresponding to 3 June 2021), the shareholders decided to change the legal structure of the Company from a limited liability company to a Saudi closed joint stock company, as well as increasing its share capital to SR 30 million by transferring SR 29.5 million from retained earnings to the share capital.

The Company and its subsidiaries (the "Group") are principally engaged in the designing and programming special software, application development, providing management and control services of communication sale of wire and wireless equipment and devices, design User Experience and customer journey, repair and maintenance of personal and portable computers, providing senior management consulting services and information networks and research and development on technology.

The registered office of the Company is as follows:

7999, King Khalid Road, 2280 West Umm Al Hammam District
Riyadh 12329
Kingdom of Saudi Arabia

2. Basis of preparation and presentation

2.1 Statement of compliance

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

2.2 Functional and presentation currency

These consolidated financial statements are presented in Saudi Riyals ("SR"), which is the Group's functional currency and all values are rounded to the nearest one Saudi Riyal, except where otherwise indicated.

2.3 Basis of measurement

These consolidated financial statements have been prepared under the historical cost convention, except for the following items in the consolidated statement of financial position:

- Financial assets at fair value through profit or loss ("FVPL") are measured at fair value.
- Financial assets at fair value through other comprehensive income ("FVOCI") are measured at fair value.
- Employees' defined benefits liabilities are recognised at the present value of future obligations using the projected unit credit method.

Preparing the consolidated financial statements requires management to use certain judgments, estimates and assumptions that affect the application of accounting policies and the amounts presented for assets and liabilities, revenues, and expenses. Actual results may differ from these estimates. The significant judgments taken by management in applying the Group's accounting policies and the main sources of uncertainty estimates are the same as those applied to the annual consolidated financial statements for the year ended 30 June 2023.

2. Basis of preparation and presentation (continued)

2.4 New standards and amendments to standards adopted by the Group

Certain new standards and interpretations have been issued which are effective from 1 July 2023 or later, but they do not have a material impact on the Group's consolidated financial statements for the year ended 30 June 2024.

Standard, interpretation, amendments	Description	Effective date
Amendment to IFRS 16 – Leases on sale and leaseback	These amendments include requirements for sale and leaseback transactions in IFRS 16 to explain how an entity accounts for a sale and leaseback after the date of the transaction. Sale and leaseback transactions where some or all the lease payments are variable lease payments that do not depend on an index or rate are most likely to be impacted.	1 January 2024
Amendments to IAS 7 and IFRS 7 on Supplier finance arrangements	These amendments require disclosures to enhance the transparency of supplier finance arrangements and their effects on a company's liabilities, cash flows and exposure to liquidity risk. The disclosure requirements are the IASB's response to investors' concerns that some companies' supplier finance arrangements are not sufficiently visible, hindering investors' analysis.	1 January 2024
Amendment to IAS 1 – Non-current liabilities with covenants	These amendments clarify how conditions with which an entity must comply within twelve months after the reporting period affect the classification of a liability. The amendments also aim to improve information an entity provides related to liabilities subject to these conditions.	1 January 2024

2.5 Basis of consolidation

The Group's subsidiaries consolidated in these consolidated financial statements are as follows:

		Percentage of ownership	
Subsidiary name	**Country of incorporation**	**30 June 2024**	**30 June 2023**
AZM Tajrubah for Information Technology Company	Saudi Arabia	**75%**	75%
Azm Development	Egypt	**100%**	100%

The consolidated financial statements comprise the financial statements of the Group and its subsidiaries as at 30 June 2024.

Control is achieved when the Group is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee. Specifically, the Group controls an investee if, and only if, the Group has:

- Power over the investee (i.e., existing rights that give it the current ability to direct the relevant activities of the investee)
- Exposure, or rights, to variable returns from its involvement with the investee
- The ability to use its power over the investee to affect its returns

Generally, there is a presumption that a majority of voting rights results in control. To support this presumption and when the Group has less than a majority of the voting or similar rights of an investee, the Group considers all relevant facts and circumstances in assessing whether it has power over an investee, including:

- The contractual arrangement(s) with the other vote holders of the investee
- Rights arising from other contractual arrangements
- The Group's voting rights and potential voting rights

2. Basis of preparation and presentation (continued)

2.5 Basis of consolidation (continued)

The Group re-assesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control. Consolidation of a subsidiary begins when the Group obtains control over the subsidiary and ceases when the Group loses control of the subsidiary. Assets, liabilities, income and expenses of a subsidiary acquired or disposed of during the year are included in the consolidated financial statements from the date the Group gains control until the date the Group ceases to control the subsidiary.

Income and each component of other comprehensive income ("OCI") are attributed to the equity holders of the Company and to the non-controlling interests, even if this results in the non-controlling interests having a deficit balance. Financial statements of subsidiaries are prepared using accounting policies which are consistent with those of the Group. All intra-group assets and liabilities, equity, income, expenses and cash flows relating to transactions between members of the Group are eliminated in full on consolidation.

A change in the ownership interest of a subsidiary, without a loss of control, is accounted for as an equity transaction. If the Group loses control over a subsidiary, it derecognises the related assets (including goodwill), liabilities, non-controlling interests and other components of equity, while any resultant gain or loss is recognised in consolidated statement of income. Any investment retained is recognised at fair value.

3. Material accounting policies

The material accounting policies applied by the Group in the preparation of consolidated financial statements are the same applied during the preparation of consolidated financial statements for the year ended 30 June 2023, unless otherwise stated.

3.1 Business combination and goodwill

Business combinations are accounted for using the acquisition method. The cost of an acquisition is measured as the aggregate of the consideration transferred, which is measured at the acquisition date fair value and the amount of any non-controlling interest in the acquiree. For each business combination, the Group elects to measure the non-controlling interest in the acquiree at the proportionate share of the acquiree's identifiable net assets. Acquisition-related costs are expensed as incurred and included in general and administrative expenses.

When the Group acquires a business, it assesses the financial assets and liabilities assumed for appropriate classification and designation in accordance with the contractual terms, economic circumstances and pertinent conditions as at the acquisition date.

Contingent consideration, if any, to be transferred by the acquirer will be recognised at fair value at the acquisition date. Contingent consideration that is classified as equity is not remeasured and subsequent settlement is accounted for within equity.

Goodwill is initially measured at cost (being the excess of the aggregate of the consideration transferred and the amount recognised for non-controlling interests) and any previous interest held, over the net identifiable assets acquired and liabilities assumed. If the fair value of the net assets acquired is in excess of the aggregate consideration transferred, the Group re-assesses whether it has correctly identified all of the assets acquired and all of the liabilities assumed and reviews the procedures used to measure the amounts to be recognised at the acquisition date. If the reassessment still results in an excess of the fair value of net assets acquired over the aggregate consideration transferred, then the gain is recognised in profit or loss.

After initial recognition, goodwill is measured at cost less any accumulated impairment losses. For the purpose of impairment testing, goodwill acquired in a business combination is, from the acquisition date, allocated to each of the Group's cash-generating units that are expected to benefit from the combination, irrespective of whether other assets or liabilities of the acquiree are assigned to those units.

Where goodwill has been allocated to a cash-generating unit (CGU) and part of the operation within that unit is disposed of, the goodwill associated with the disposed operation is included in the carrying amount of the operation when determining the gain or loss on disposal of the operation. Goodwill disposed in these circumstances is measured based on the relative values of the disposed operation and the portion of the cash- generating unit retained.

3. Material accounting policies (continued)

3.2 Investments in an associate

An associate is an entity over which the Group has significant influence. Significant influence is the power to participate in the financial and operating policy decisions of the investee, but is not control or joint control over those policies.

The considerations made in determining whether significant influence is similar to those necessary to determine control over subsidiaries.

The Group's investments in its associates is accounted for using the equity method. Under the equity method, the investment in associates is initially recognised at cost. The carrying amount of the investment is adjusted to recognise changes in the Group's share of net assets of the associate since the acquisition date. Goodwill relating to the associate is included in the carrying amount of the investment and is not tested for impairment separately.

The consolidated statement of comprehensive income reflects the Group's share of the results of operations of the associates. Any change in other comprehensive income ("OCI") of those investees is presented as part of the Group's other comprehensive income ("OCI"). In addition, when there has been a change recognised directly in the equity of the associates, the Group recognises its share of any changes, when applicable, in the consolidated statement of changes in equity. Unrealised gains and losses resulting from transactions between the Group and the associates is eliminated to the extent of the interest in the associate.

The aggregate of the Group's share of profit or loss of associates is shown on the face of the consolidated statement of income outside operating profit and represents profit or loss and non- controlling interests in the subsidiaries of the associate, if any.

The financial statements of the associate are prepared for the same reporting period as the Group. When necessary, adjustments are made to bring the accounting policies in line with those of the Group.

After application of the equity method, the Group determines whether it is necessary to recognise an impairment loss on its investments in its associate. The Group determines at each reporting date whether there is any objective evidence that the investment in the associate is impaired.

Upon loss of significant influence over the associate, the Group measures and recognises any retained investment at its fair value. Any difference between the carrying amount of the associate upon loss of significant influence or joint control and the fair value of the retaining investment and proceeds from disposal is recognised in consolidated statement of comprehensive income.

3.3 Current versus non-current classification

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

- Expected to be realised or intended to be sold or consumed in the normal operating cycle
- Held primarily for the purpose of trading
- Expected to be realised within twelve months after the reporting period or
- Cash or cash equivalent unless restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period.

All other assets are classified as non-current.

A liability is current when:

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

The Group classifies all other liabilities as non-current.

3. Material accounting policies (continued)

3.4 Foreign currencies

(i) Functional and presentation currency

Items included in the financial statements of each of the Group's entities are measured using the currency of the primary economic environment in which each respective entity operates (the "functional currency"). The consolidated financial statements are presented in Saudi Riyals ("SR"), which is the Group's functional and presentation currency.

(ii) Transactions and balances

Foreign currency transactions are translated into Saudi Riyals at the rates of exchange prevailing at the time of the transactions. Monetary assets and liabilities denominated in foreign currencies at the reporting date are translated at the exchange rates prevailing at that date. Gains and losses from settlement and translation of foreign currency transactions are included in the consolidated statement of comprehensive income.

(iii) Group companies

The results and financial position of foreign operations (none of which has the currency of a hyper inflationary economy) that have a functional currency different from the presentation currency of the consolidated financial statements are translated into the presentation currency as follows:

- Assets and liabilities for each statement of financial position presented are translated at the closing rate at the date of that consolidated statement of financial position;
- Income and expenses for each statement of income and statement of comprehensive income are translated at average exchange rates (unless this is not a reasonable approximation of the cumulative effect of the rates prevailing on the transaction dates, in which case income and expenses are translated at the dates of the transactions), and
- All resulting exchange differences are recognised in other comprehensive income.

3.5 Property and equipment

Property and equipment are stated at cost, net of accumulated depreciation and accumulated impairment losses, if any. Cost includes all amounts necessary to bring the asset to the present condition and location to be ready for its intended use by management. Such costs include the cost of replacing part of the property and equipment and borrowing costs for long-term construction projects (qualifying assets), if the recognition criteria are met, and costs incurred during the commissioning period, net of proceeds from sale of trial production.

When parts of property and equipment are significant in cost in comparison to the total cost of the item, and where such parts/ components have a useful life different from the other parts and required to be replaced at different intervals, the Group shall recognise such parts as individual components of the asset with specific useful lives and depreciate them accordingly.

All other repair and maintenance costs are recognised in profit or loss as incurred.

Depreciation is calculated from the date the item of property and equipment is available for their intended use or in respect of self-constructed assets from the date such assets are completed and ready for the intended use. Land and assets under construction, which are not ready for their intended use, are not depreciated.

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

Computers and equipments	4 years
Furniture and fixtures	7 years
Leasehold improvements	10 years or lease terms whatever is shorter
Vehicle	5 years

The assets' residual values, useful lives and methods of depreciation are reviewed, and adjusted prospectively if appropriate, at each reporting date.

An item of property and equipment and any significant component initially recognised is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. Gains and losses on disposal of retired, sold or otherwise derecognised property and equipment are determined by comparing the proceeds with the carrying amount of the asset, and are recognised within "other income/(loss)" in statement of comprehensive income.

An asset's carrying amount is written-down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount.

3. Material accounting policies (continued)

3.6 Intangible assets

The Group's intangible assets consist of online platforms established by the Group and Software and IT systems and have finite useful lives are measured at cost less accumulated amortisation and any accumulated impairment losses. Intangible assets acquired separately are measured at cost upon initial recognition. Following initial recognition, intangible assets are carried at cost less any accumulated amortisation and accumulated impairment losses, if any.

The useful lives of intangible assets are assessed to be either finite or indefinite. Intangible assets with finite live are amortised over the useful economic life and assessed for impairment whenever there is an indication that the intangible asset may be impaired. The amortisation period and the amortisation method for an intangible asset with a finite useful life are reviewed at least at each financial year-end. Changes in the expected useful life or the expected pattern of consumption of future economic benefits embodied in the asset, are accounted for by changing the amortisation period or method, as appropriate, and are treated as changes in accounting estimates.

The amortisation expense on intangible assets with finite lives is recognised in statement of comprehensive income in the expense category consistent with the function of the intangible asset.

The estimated useful lives for current and comparative periods are 8 years. Intangible assets which are not ready for their intended use, are not amortised.

Gains or losses arising from derecognising an intangible asset is measured as the difference between the net disposal proceeds and the carrying amount of the asset and are recognised in profit or loss when the asset is derecognised.

3.7 Leases

The Group assess whether a contract contains a lease, at inception of the contract. For all such lease arrangements the Group recognises right of use assets and lease liabilities except for the short-term leases and leases of low value assets as follows:

3.7.1 Right-of-use assets

The Group recognises right-of-use assets at the commencement date of the lease (i.e., the date the underlying asset is available for use). Right-of-use assets are measured at cost, less any accumulated depreciation and impairment losses, and adjusted for any re-measurement of lease liabilities. The cost of right-of-use assets includes the amount of lease liabilities recognised, initial direct costs incurred, and lease payments made at or before the commencement date less any lease incentives received. Unless the Group is reasonably certain to obtain ownership of the leased asset at the end of the lease term, the recognised right-of-use assets are depreciated on a straight-line basis over the shorter of its estimated useful life and the lease term. Right-of-use assets are subject to impairment.

3.7.2 Lease liabilities

At the commencement date of the lease, the Group recognises lease liabilities measured at the present value of lease payments to be made over the lease term. The lease payments include fixed payments (including in-substance fixed payments) less any lease incentives receivable, variable lease payments that depend on an index or a rate, and amounts expected to be paid under residual value guarantees. The lease payments also include the exercise price of a purchase option reasonably certain to be exercised by the Group and payments of penalties for terminating a lease, if the lease term reflects the Group exercising the option to terminate. The variable lease payments that do not depend on an index or a rate are recognised as expense in the period on which the event or condition that triggers the payment occurs.

In calculating the present value of lease payments, the Group uses the incremental borrowing rate at the lease commencement date if the interest rate implicit in the lease is not readily determinable. After the commencement date, the amount of lease liabilities is increased to reflect the accretion of interest and reduced for the lease payments made. In addition, the carrying amount of lease liabilities is re-measured if there is a modification, a change in the lease term, a change in the in-substance fixed lease payments or a change in the assessment to purchase the underlying asset.

Short-term leases and leases of low-value assets
The Group applies the short-term lease recognition exemption to its short-term leases of assets (i.e., those leases that have a lease term of 12 months or less from the commencement date and do not contain a purchase option). It also applies the lease of low-value assets recognition exemption to leases of commercial buildings, accommodations and offices that are considered of low value (i.e., below SR 20,000). Lease payments on short-term leases and leases of low-value assets are recognised as expense on a straight-line basis over the lease term.

3. Material accounting policies (continued)

3.7 Leases (continued)

3.7.2 Lease liabilities (continued)

As a lessor

Leases in which the Group does not transfer substantially all the risks and rewards incidental to ownership of an asset are classified as operating leases. Operating lease income is recognised in the consolidated statement of profit or loss on a straight-line basis over the lease term. Any benefits granted as an incentive to enter into an operating lease, are distributed in a straight-line basis over the lease term. Total benefits from incentives are recognised as a reduction in rental income on a straight-line basis, unless there is another basis that better represents the period of time in which the economic benefits of the leased asset are exhausted.

The amounts due from the finance leases are recorded as lease receivables at an amount equal to the net investment of the Group in the lease. The lease payments to be received are distributed into two components:

- a reimbursement of the original amount
- a financing income to compensate the Group for its investment and services.

The additional costs directly attributable to negotiating the lease contract are included in the amounts due, which in return, will reduce the finance income portion from the contract.

3.8 Financial instruments

A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity.

i) Financial assets

Classification of financial assets depends on the Group's business model for managing its financial assets and the contractual terms of the cash flows. The Group classifies its financial assets as:

- Financial assets measured at amortised cost; or
- Financial assets measured at fair value

Gains or losses of assets measured at fair value will be recognised in the statement of comprehensive income either in profit or loss or in other comprehensive income ("OCI").

Initial measurement

The classification of financial assets at initial recognition depends on the financial asset's contractual cash flow characteristics and the Group's business model for managing them. With the exception of trade receivables that do not contain a significant financing component or for which the Group has applied the practical expedient, the Group initially measures a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss, transaction costs. Trade receivables that do not contain a significant financing component or for which the Group has applied the practical expedient are measured at the transaction price.

In order for a financial asset to be classified and measured at amortised cost or fair value through other comprehensive income ("FVOCI"), it needs to give rise to cash flows that are 'solely payments of principal and interest (SPPI)' on the principal amount outstanding. This assessment is referred to as the SPPI test and is performed at an instrument level. Financial assets with cash flows that are not SPPI are classified and measured at fair value through profit or loss, irrespective of the business model.

The Group's business model for managing financial assets refers to how it manages its financial assets in order to generate cash flows. The business model determines whether cash flows will result from collecting contractual cash flows, selling the financial assets, or both. Financial assets classified and measured at amortised cost are held within a business model with the objective to hold financial assets in order to collect contractual cash flows while financial assets classified and measured at fair value through other comprehensive income ("FVOCI") are held within a business model with the objective of both holding to collect contractual cash flows and selling.

3. Material accounting policies (continued)

3.8 Financial instruments (continued)

i) Financial assets (continued)

Subsequent measurement

For purposes of subsequent measurement, financial assets are classified in four categories:

- Financial assets at amortised cost (debt instruments)
- Financial assets at fair value through other comprehensive income (“FVOCI”) with recycling of cumulative gains and losses (debt instruments)
- Financial assets designated at fair value through other comprehensive income (“FVOCI”) with no recycling of cumulative gains and losses upon derecognition (equity instruments)
- Financial assets at fair value through profit or loss (“FVPL”)

Financial assets at amortised cost are subsequently measured using the effective interest (EIR) method and are subject to impairment. Gains and losses are recognised in statement of comprehensive income when the asset is derecognised, modified or impaired.

The Group’s financial assets at amortised cost includes trade receivables, and investment in Sukuk.

- **FVOCI**

Financial assets held for collection of contractual cash flows and for selling the financial assets, where the assets’ cash flows represent solely payments of principal and interest, are measured at (“FVOCI”). Movements in the carrying amount are taken through other comprehensive income (“OCI”), except for the recognition of impairment gains or losses, interest revenue and foreign exchange gains and losses, which are recognised in the statement of comprehensive income.

When the financial asset is de-recognised, the cumulative gain or loss previously recognised in (“OCI”), is reclassified from equity to the statement of comprehensive income and recognised in other income/expense. Interest income from

these financial assets are included in finance income using the EIR method. Foreign exchange gains and losses are presented in other income/expense

- **FVPL**

Financial assets at fair value through profit or loss include financial assets held for trading, financial assets designated upon initial recognition at fair value through profit or loss, or financial assets mandatorily required to be measured at fair value. Financial assets with cash flows that are not solely payments of principal and interest are classified and measured at fair value through profit or loss, irrespective of the business model.

Financial assets at fair value through profit or loss are carried in the statement of financial position at fair value with net changes in fair value recognised in the statement of comprehensive income. This category includes derivative instruments.

Equity instruments
The Group measures all investments in equity instruments at fair value and presents changes in fair value of investments in equity instruments in other comprehensive income (“OCI”). Dividends from such investments continue to be recognised in the statement of comprehensive income as other income when the Group’s right to receive payments is established. There shall be no subsequent reclassification of changes in fair value through profit or loss income.

A financial asset or a part of a financial asset is de-recognised when:

- The rights to receive cash flows from the asset have expired, or
- The Group has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a ‘pass-through’ arrangement, and either:

a. The Group has transferred substantially all the risks and rewards of the asset; or
b. The Group has neither transferred nor retained substantially all the risks and rewards of the asset but has transferred control of the asset.

3. Material accounting policies (continued)

3.8 Financial instruments (continued)

i) Financial assets (continued)

Impairment

At each reporting date, the Group applies a three-stage approach to measuring expected credit losses (“ECL”) on financial assets. Assets migrate through the following three stages based on the change in credit quality since initial recognition:

a) Stage 1: 12-months ECL

For exposures where there has not been a significant increase in credit risk since initial recognition and that are not credit impaired upon origination, the portion of the lifetime ECL associated with the probability of default events occurring within the next 12 months is recognised.

b) Stage 2: Lifetime ECL - not credit impaired

For credit exposures where there has been a significant increase in credit risk since initial recognition but that are not credit impaired, a lifetime ECL is recognised.

c) Stage 3: Lifetime ECL - credit impaired

Financial assets are assessed as credit impaired when one or more events that have a detrimental impact on the estimated future cash flows of that asset have occurred. For financial assets that have become credit impaired, a lifetime ECL is recognised and interest revenue is calculated by applying the effective interest rate to the amortised cost (net of provision) rather than the gross carrying amount.

The Group considers the probability of default upon initial recognition of asset and whether there has been a significant increase in credit risk on an ongoing basis throughout each reporting period. To assess whether there is a significant increase in credit risk the Group compares the risk of a default occurring on the asset as at the reporting date with the risk of default as at the date of initial recognition. It considers available reasonable and supportive forwarding-looking information.
For trade receivables and contract assets, the Group recognises expected credit losses for trade receivables based on the simplified approach. The simplified approach to the recognition of expected losses does not require the Group to track the changes in credit risk; rather, the Group recognises a loss allowance based on lifetime expected credit losses at each reporting date from the date of the trade receivable.

Objective evidence that financial assets are impaired may include indications that a debtor or a group of debtors is experiencing significant financial difficulty, default or delinquency in profit or principal payments, the probability that they will enter bankruptcy or other financial reorganisation and where observable data indicates that there is a measurable decrease in the estimated future cash flows, such as changes in arrears or economic conditions that correlate with defaults.

Expected credit losses are measured as the difference in the present value of the contractual cash flows that are due to the Group under the contract, and the cash flows that the Group expects to receive. The Group assesses all information available, including past due status, credit ratings, the existence of third-party insurance, and forward looking macro-economic factors in the measurement of the expected credit losses associated with its assets carried at amortised cost.

The Group measures expected credit loss by considering the risk of default over the contract period and in Group’s forward-looking information into its measurement.

ii) Financial liabilities

Initial recognition and measurement

Financial liabilities are classified under either of the below two classes:

- Financial liabilities at FVPL; and
- Other financial liabilities measured at amortised cost using the EIR method.

The category of financial liability at FVPL has two sub-categories:

- Designated: A financial liability that is designated by the entity as a liability at FVPL upon initial recognition; and

3. Material accounting policies (continued)

3.8 Financial instruments (continued)

ii) Financial liabilities (continued)

Initial recognition and measurement (continued)

- Held for trading: A financial liability classified as held for trading, such as an obligation for securities borrowed in a short sale, which have to be returned in the future. This category also includes derivative financial instruments entered into by the Group that are not designated as hedging instruments in hedge relationships. Separated embedded derivatives are also classified as held for trading unless they are designated as effective hedging instruments.

All financial liabilities are recognised initially when the Group becomes party to contractual provisions and obligations under the financial instrument. The liabilities are recorded at fair value, and in the case of loans and borrowings and payables, the proceeds received net of directly attributable transaction costs.

Subsequent measurement

Financial liabilities at FVPL continue to be recorded at fair value with changes being recorded in the statement of comprehensive income.

For other financial liabilities, including loans and borrowings, after initial recognition, these are subsequently measured at amortised cost using the EIR method. Gains and losses are recognised in statement of comprehensive income when the liabilities are de-recognised as well as through the EIR amortisation process.

Amortised cost is calculated by considering any discount or premium on acquisition and fees or costs that are an integral part of the EIR method. The EIR amortisation is included as finance costs in the statement of comprehensive income.

Trade and other payables

These amounts represent liabilities for goods and services provided to the Group prior to the end of financial period which are unpaid. They are recognised initially at their fair value and subsequently measured at amortised cost using the EIR method.

Financial guarantee contracts

Financial guarantee contracts are recognised as a financial liability at the time the guarantee is issued. The liability is initially measured at fair value adjusted for transaction costs that are directly attributable to the issuance of the guarantee. The fair value of financial guarantee is determined as the present value of the difference in net cash flows between the contractual payments under the debt instrument and the payments that would be required without the guarantee, or the estimated amount that would be payables to a third party for assuming the obligation.

Where guarantees in relation to loans or other payables of associates are provided for no compensation, the fair values are accounted for as contributions and recognised as part of the cost of the investment.

De-recognition

A financial liability is de-recognised when the obligation under the liability is settled or discharged. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as the de-recognition of the original liability and the recognition of a new liability. The difference in the respective carrying amounts is recognised in the statement of comprehensive income.

3.9 Offsetting of financial instruments

Financial assets and financial liabilities are offset and the net amount is reported in the consolidated statement of financial position if there is a currently enforceable legal right to offset the recognised amounts and there is an intention to settle on a net basis, to realise the assets and settle the liabilities simultaneously.

3.10 Provisions

Provisions are recognised when the Group has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. Provisions are not recognised for future operating losses.

3. Material accounting policies (continued)

3.10 Provisions (continued)

Where there are a number of similar obligations, the likelihood that an outflow will be required in settlement is determined by considering the class of obligations as a whole. A provision is recognised even if the likelihood of an outflow with respect to any one item included in the same class of obligations may be small.

Provisions are measured at the present value of management's best estimate of the expenditure required to settle the present obligation at the end of the reporting period. The discount rate used to determine the present value is a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to liability. The increase in the provision due to the passage of time is recognised as interest expense.

3.11 Employees' defined benefits liabilities

Employees' defined benefits liabilities
The Group primarily has end of service benefits which qualifies as defined benefit plans.

The pension liability recognised in the consolidated statement of financial position is the present value of the projected Defined Benefit Obligation ("DBO") at the reporting date.

DBO is re-measured on a periodic basis by independent actuaries using the projected unit credit method. The present value of the DBO is determined by discounting the estimated future cash outflows using interest rates of high-quality bonds that are denominated in the currency in which the benefits will be paid, and that have terms approximating to the terms of the related obligation. For instances where there is no deep market in such bonds, the market rates on government bonds are used. As Kingdom of Saudi Arabia does not have a deep market in high quality corporate bonds, the discount rate was determined based on available information of Kingdom of Saudi Arabia sovereign bond yields.

The net interest cost is calculated by applying the discount rate to the net balance of the DBO. This cost is included in employees' related costs in the consolidated statement of comprehensive income.

Re-measurement gains and losses arising from changes in actuarial assumptions are recognised in the period in which they occur in other comprehensive income ("OCI"). Changes in the present value of the DBO resulting from plan amendments or curtailments are recognised immediately in the consolidated statement of comprehensive income as past service costs.

Current and past service costs related to end of service indemnities and unwinding of the liability at discount rates used are recognised immediately in the consolidated statement of comprehensive income. Any changes in net liability due to actuarial valuations and changes in assumptions are taken as re-measurement in other comprehensive income ("OCI").

The actuarial valuation process takes into consideration the provisions of the Saudi Arabian Labor Laws and Workmen Law as well as the Group's policy.

Retirement benefits

The Group pays retirement contributions for its national employees to the General Organization for Social Insurance. This represents a defined contribution plan. The payments made are expensed as incurred.

Short-term employee benefits

A liability is recognised for benefits accruing to employees in respect of wages and salaries, annual leave and sick leave in the period the related service is rendered at the undiscounted amount of the benefits expected to be paid in exchange for that service. The liabilities are presented as current employee benefit obligations in the consolidated statement of financial position.

Liabilities recognised in respect of short-term employee benefits are measured at the undiscounted amount of the benefits expected to be paid in exchange for the related service.

3.12 Cash and cash equivalents

Cash and cash equivalents include cash at banks and other short-term highly liquid investments with original maturities of three months or less that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value.

3. Material accounting policies (continued)

3.13 Impairment of non-financial assets

At the end of each reporting period, the Group reviews the carrying amounts of its non-financial assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). When it is not possible to estimate the recoverable amount of an individual asset, the Group estimates the recoverable amount of the cash-generating unit to which the asset belongs. When a reasonable and consistent basis of allocation can be identified, Group assets are also allocated to individual cash-generating units, or otherwise they are allocated to the smallest Group of cash-generating units for which a reasonable and consistent allocation basis can be identified.

Recoverable amount is the higher of fair value less costs of disposal and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted

If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than it carrying amount, the carrying amount of the asset (or cash-generating unit) is reduced to its recoverable amount. An impairment loss is recognised immediately in the statement of comprehensive income.

When an impairment loss subsequently reverses, the carrying amount of the asset (or a cash-generating unit), except for goodwill, is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset (or cash-generating unit) in prior years. A reversal of an impairment loss is recognised immediately in the comprehensive income.

3.14 Contingencies

Contingent liabilities are not recognised in the consolidated financial statements. They are disclosed unless the possibility of an outflow of resources embodying economic benefits is remote. Contingent assets are not recognised in the Consolidated financial statements but disclosed when an inflow of economic benefits is probable.

3.15 Fair value measurement

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 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.

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 Consolidated financial statements are categorised within the fair value hierarchy, 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 recognised in the Consolidated financial statements on a recurring basis, the Group determines whether transfers have occurred between Levels in the hierarchy by re-assessing categorisation (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.

3. Material accounting policies (continued)

3.16 Treasury shares

Own equity instruments that are repurchased (treasury shares) are recognised at cost and deducted from equity. No gain or loss is recognised in consolidated statement of comprehensive income on the purchase, sale, issue or cancellation of the Group's own equity instruments. Any difference between the carrying amount of the shares and the consideration, if reissued, is recognised in the retained earnings within equity.

3.17 Shared-based payment transactions

The Group's executive employees receive remuneration in the form of share-based payments under the employee long term incentives program, whereby employees render services as consideration for the Group's shares (equity-settled transactions). The cost of equity-settled transactions is determined by the fair value of the equity instrument at the grant date. The grant date is the date on which the Group and the employee agree on the share-based agreement, so that a common understanding of the terms and conditions of the agreement exists between the parties.

Share-based payment expense is included as part of employee benefit expenses over the period in which the service and the performance conditions are fulfilled (the vesting period), with the corresponding amount recorded under other reserves within equity in accordance with the requirements of the International Financial Reporting Standard (2) Share-based payment. The cumulative expense recognised for equity settled transactions at each reporting date until the vesting date reflects the extent to which the vesting period has expired and the Group's best estimate of the number of shares that will ultimately vest. The expense or credit in the consolidated statement of comprehensive for a period represents the movement in cumulative expense recognised from the beginning to the end of that period.

3.18 Revenue from contracts with customers

Revenue from contracts with customers is recognised using the five-step model:

i) identify the contract with a customer;
ii) identify the performance obligations (distinct elements that are part of a single contract but are separated for accounting purposes) in the contract;
iii) determine the transaction price;
iv) allocate the transaction price to the performance obligations in the contract;
v) recognise revenue when (or as) the entity satisfies a performance obligation, which is when the customer obtains control of the good or service which can take place over time or at a point in time.

Revenue is measured at the fair value of the consideration received or receivable, taking into account contractually defined terms of payment and excluding taxes or duty collected on behalf of third parties. Revenue is recognized at an

amount that reflects the consideration to which an entity expects to be entitled in exchange for transferring goods to a customer.

Revenue recognised in any period is based on the delivery of performance obligations and an assessment of when control is transferred to the customer. For contracts with multiple components to be delivered, management applies judgement to consider whether those promised goods or services are:

(i) distinct – to be accounted for as separate performance obligations;
(ii) not distinct – to be combined with other promised goods or services until a bundle is identified that is distinct; or
(iii) part of a series of distinct goods and services that are substantially the same and have the same pattern of transfer to the customer.

At contract inception the total transaction price is estimated, which is allocated to the identified performance obligations in proportion to their relative standalone selling prices and revenue is recognised when (or as) those performance obligations are satisfied. The transaction price for contracts with customers that include variable consideration is estimated using either the expected value method or the most likely amount method, depending on the nature of the contract. Inputs used in determining the transaction price include historical data, market conditions, customer-specific factors, and contract-specific terms. The estimated variable consideration is constrained to ensure that a significant reversal of revenue does not occur when the uncertainty is resolved.

3. Material accounting policies (continued)

3.18 Revenue from contracts with customers (continued)

For each performance obligation, the Group determines if revenue will be recognised over time or at a point in time. Where the Company recognises revenue over time this is due to any of the following reasons:

(i) the Group performing and the customer simultaneously receiving and consuming the benefits provided over the life of the contract,
(ii) the Group performance creates or enhances an asset that the customer controls as the asset is created or enhanced; or
(iii) the Group performance creates an asset with no alternative use, and the Group has an enforceable right to payment for performance completed to date.

For each performance obligation to be recognised over time, the Group applies a revenue recognition method that faithfully depicts the Group's performance in transferring control of the goods or services to the customer. The Group applies the relevant input method consistently to similar performance obligations as it faithfully depicts actual efforts made by the Group to satisfy performance obligations and to transfer services to end customer. Moreover, information required for input method can be measured reliably. The cost of contract includes the cost and general administrative expenses that are directly attributable to the contract from the date of securing the contract to its final completion. Changes in cost estimates and losses on uncompleted contracts, if any, are recognised in the period they are determined. When it is probable that the total contract costs will exceed the total contract revenues, the expected loss is recognised immediately.

Changes in estimates of measures of progress of performance obligations satisfied over time are recognised on a cumulative catch-up basis, which recognises in the current period the cumulative effect of any changes on current and prior periods based on a performance obligation's percentage of completion.

If performance obligations in a contract do not meet the overtime criteria, the Group recognises revenue at a point in time when obligations under the terms of the contract with the customer are satisfied.

The Group disaggregates revenue from contracts with customers by contract type, customer type and timing of revenue recognition at point in time or point over time, as management believes this best depicts how the nature, amount, timing and uncertainty of the Group's revenue and cash flows are affected by economic factors. The revenue recognition policy relevant to each contract type is as below:

3. Material accounting policies (continued)

3.18 Revenue from contracts with customers (continued)

Type of product/service	**Nature and timing of satisfaction of performance obligations, including significant payment terms**	**Revenue recognition policies**
Platforms for third parties	Custom Software Development involves creating a tailored IT platform or software solution to meet specific customer requirements. The performance obligation is satisfied over time as the work progresses, based on the actual costs incurred. Alternatively, if the project has a single identifiable obligation, such as successful deployment, the performance obligation is satisfied at a point in time. Payment terms vary with clients and agreed with clients based on the commercial factors such as business volume, client history with the Group and creditworthiness. When costs have been incurred and the related revenue has not yet been billed, these amounts are presented as contract assets.	For performance obligation satisfied over the period of time, revenue is recognised over the period of time based on the cost-to-cost method determined based on the proportion of actual costs to the estimated cost required to complete the contract. The cost of contract includes the cost and general administrative expenses that are directly attributable to the contract from the date of securing the contract to its final completion. Changes in cost estimates and losses on uncompleted contracts if any, are recognised in the period they are determined. For performance obligation satisfied at a point in time, the revenue is recognised at point in time as soon as the services are provided or goods are delivered. When it is probable that the total contract costs will exceed the total contract revenues, the expected losses are recognised immediately. The cost related to these services are recognised in comprehensive income when they are incurred. Advances received from customers are included as contract liabilities.
Proprietary Technologies	Revenue from proprietary technologies consists of revenue from the provision of on-going support, training and progress reports on training provided to the customers on various IT Platforms. Revenue from the services are recognised over the period of time as the services are provided by the Group to the customer. Invoices are issued to the customer according to the agreed contractual terms (i.e financial plan) and are collected according to the agreed payment terms.	Revenue is recognised over the period of time based on the cost-to-cost method determined based on the proportion of actual costs to the estimated cost required to complete the contract. When the Group satisfies a performance obligation by delivering the promised services it creates a contract asset based on the amount of consideration earned by the performance. In addition, where the amount of consideration received from a customer exceeds the amount of revenue recognised this gives rise to a contract liability. When costs have been incurred and the related revenue has not yet been billed, these amounts are presented as contract assets.

3. Material accounting policies (continued)

3.18 Revenue from contracts with customers (continued)

Type of product/service	Nature and timing of satisfaction of performance obligations, including significant payment terms	Revenue recognition policies
Advisory services	Revenue from advisory services consists of IT consulting services provided by the Group to the customer for an agreed fee. Revenue from the services are recognised over the period of time as the services are provided by the Group to the customer. Invoices are issued to the customer according to the agreed contractual terms (i.e milestones) and are collected according to the agreed payment terms	Revenue is recognised over the period of time based on the cost-to-cost method determined based on the proportion of actual costs to the estimated cost required to complete the contract. When the Group satisfies a performance obligation by delivering the promised services it creates a contract asset based on the amount of consideration earned by the performance. In addition, where the amount of consideration received from a customer exceeds the amount of revenue recognised this gives rise to a contract liability.
Enterprise Services	Revenue from enterprise services consists of manpower services provided by the Group to its customers to support them on their various IT projects. Revenue from the services are recognised over the period of time as the services are provided by the Group to the customer. Invoices are issued to the customer according to the agreed contractual terms and are collected according to the agreed payment terms.	Revenue is recognised over the period of time based on the cost-to-cost method determined based on the proportion of actual costs to the estimated cost required to complete the contract. When the Group satisfies a performance obligation by delivering the promised services it creates a contract asset based on the amount of consideration earned by the performance. In addition, where the amount of consideration received from a customer exceeds the amount of revenue recognised this gives rise to a contract liability. When costs have been incurred and the related revenue has not yet been billed, these amounts are presented as contract assets

- **Contract assets and liabilities**

When either party to a contract has performed, an entity shall present the contract in the consolidated statement of financial position as a contract asset or a contract liability, depending on the relationship between the entity's performance and the customer's payment. A contract asset is an entity's right to consideration in exchange for goods or services that the entity has transferred to a customer. A contract liability is an entity's obligation to transfer goods or services to a customer for which the entity has received consideration (or an amount of consideration is due) from the customer.

- **Principal versus agent consideration**

The Group has evaluated its arrangements to determine whether it is a principal, and report revenues on a gross basis, or an agent, and report revenues on a net basis. In this assessment, the Group has considered if it has obtained control of the specified goods or services before they are transferred to the customer, as well as other indicators such as the party primarily responsible for fulfillment, inventory risk, and discretion in establishing price.

Where the Group performs agency related activities under a contract, the Group only recognises net commission income, as the Group arranges for another party to transfer goods or services under such arrangement and accordingly is acting as an agent.

3. Material accounting policies (continued)

3.19 Expenses

Selling and distribution expenses principally comprise of costs incurred in the distribution and sale of the Group's products and services.

General and administration expenses include indirect costs not specifically part of cost of sales or selling and distribution expenses as required under IFRSs as endorsed in KSA. Allocations between general and administration expenses, cost of sales and selling and distribution expenses, when required, are made on a consistent basis.

3.20 Borrowing costs

Borrowing costs directly attributable to the acquisition, construction or production of an asset that necessarily takes a substantial period of time to get ready for its intended use or sale are capitalised as part of the cost of the asset.

All other borrowing costs are expensed in the period in which they occur. Borrowing costs consist of finance and other costs that an entity incurs in connection with the borrowing of funds.

The interest capitalised is calculated using the Group weighted average cost of borrowings after adjusting for borrowings associated with specific developments. Where borrowings are associated with specific developments, the amount capitalised is the gross interest incurred on those borrowings less any investment income arising on their temporary investment. Interest is capitalised as from the commencement of the development work until the date of practical completion, when substantially all of the development work is completed.

The capitalisation of borrowing costs is suspended if there are prolonged periods when development activity is interrupted. Borrowing costs is also capitalised on the purchase cost of a site of property acquired specifically for redevelopment, but only where activities necessary to prepare the asset for redevelopment are in progress.

3.21 Zakat and Value Added Tax (VAT)

Zakat is provided for the Group in the Kingdom of Saudi Arabia in accordance with the Regulations of Zakat, Tax and Customs Authority (the "ZATCA") in the Kingdom of Saudi Arabia, and the provision is charged to the consolidated statement of comprehensive income.

Expenses, and assets are recognised net of the amount of VAT, except:

- When the VAT incurred on a purchase of assets or services is not recoverable from the Zakat, Tax and Customs Authority, in which case, the VAT is recognised as part of the cost of acquisition of the asset or as part of the expense item, as applicable; and/or
- When receivables and payables are stated with the amount of VAT included.

The net amount of VAT recoverable from or payable to the Zakat, Tax and Customs Authority is included as part of receivables or payables in the consolidated statement of financial position.

4. Significant accounting estimates, assumptions and judgements

The preparation of the Group's Consolidated financial statements require management to make judgements, estimates and assumptions that affect the reported amounts of revenues, expenses and assets and liabilities at the reporting date. However, uncertainty about these assumptions and estimates could result in outcomes that could require a material adjustment to the carrying amount of the asset or liability affected in the future. These estimates and assumptions are based upon experience and various other factors that are believed to be reasonable under the circumstances and are used to judge the carrying values of assets and liabilities that are not readily apparent from other sources. The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimates are revised or in the revision period and future periods if the changed estimates affect both current and future periods.

The following critical judgements and estimates have the most significant effect on the amounts recognised in the consolidated financial statements:

4. Significant accounting estimates, assumptions and judgements (continued)

4.1 Contract cost estimation and allocating transaction price

The Group recognises contract revenue by reference to the stage of completion of the activity at the reporting date, when the outcome of a contract can be estimated reliably. The stage of completion is measured by reference to the proportion that contract costs incurred for work performed to date bear to the estimated total contract costs. Assumptions are required to estimate the total estimated contract costs and the recoverable variation works that will affect the stage of completion. The estimates are made based on past experience and knowledge of the project engineers and other technical teams. The accuracy of these estimates is likely to have an impact on the amount of revenue and related profits recognised.

At the end of each reporting period, the Group is required to estimate costs to complete the contracts based on work to be performed beyond the reporting period. This involves objective evaluation of project progress against the schedule, evaluation of work to be performed and the associated costs to fully deliver the contract to the customer. This estimate will impact contract revenue and costs, contract assets, contract liabilities and accrued project costs. The measurement of contract revenue is affected by a variety of uncertainties (including cost estimation) that depend on the outcome of future events. The estimates often need to be revised as events occur and uncertainties are resolved. Therefore, the amount of contract revenue recognised may increase or decrease from period to period.

For one of the contracts under 'platforms for third parties' revenue stream, where the Group acts as an agent, there are two performance obligations: a) completion of the platform and b) operation of the platform. The transaction price of both elements comprises solely of variable consideration and at the completion of the platform performance obligation management has judged that revenue cannot be recognised as there is significant estimation uncertainty due to management not being able to reliably estimate the variable consideration in relation to this performance obligation. As such management has exercised judgment in recognising revenue for the platform once the variable consideration constraints are resolved, and this is judged to be during the operational phase. The basis for this allocation is the lack of historical data to support a different allocation and the actual billing terms of the contract where revenues are generated from actual usage of the platform.

4.2 Employees' defined benefits liabilities

Employees' defined benefits liabilities represent obligations that will be settled in the future and require assumptions to project obligations. IFRS require management to make further assumptions regarding variables such as discount rates, rate of compensation increase, mortality rates, employment turnover and future healthcare costs. The Group's management use an independent actuary for performing this calculation. Changes in key assumptions can have a significant impact on the projected benefit obligation and/or periodic employees' benefits costs incurred.

4.3 Determining the lease term of contracts with renewal and terminations options

The Group determines the lease term as the non-cancellable term of the lease, together with any periods covered by an option to extend the lease if it is reasonably certain to be exercised, or any periods covered by an option to terminate the lease, if it is reasonably certain not to be exercised.

The Group has several lease contracts that include extension and termination clauses. The Group applies judgement in evaluating whether it is reasonably certain whether or not to exercise the option to renew or terminate the lease. That is, it considers all relevant factors that create an economic incentive for it to exercise either the renal or termination. After the commencement date, the Group reassesses the lease term if there is a significant event or change in the circumstances that is within its control and affects its ability to exercise or not to exercise the option to renew or to terminate the contract.

4.4 Incremental borrowing rate for lease agreements

The Group cannot readily determine the interest rate implicit in the lease agreement, therefore, it uses its Incremental Borrowing Rate ("IBR") to measure lease liabilities. The IBR is the rate of interest that the Group would have to pay to borrow over a similar term, and with a similar security, the funds necessary to obtain an asset of a similar value to the right of use asset in a similar economic environment. The IBR therefore reflects what the Group 'would have to pay', which requires estimation when no observable rates are available, such as for subsidiaries that do not enter into financing transactions or when they need to be adjusted to reflect the terms and conditions of the lease. The Group estimates the IBR using observable inputs, such as market interest rates when available and is required to make certain entity-specific estimates.

5. New standards and amendments issued but not yet effective

Following are the new standards and amendments to standards which are effective for annual periods beginning on or after 1 July 2024 and earlier application is permitted; however, the Group has not early adopted them in preparing these Financial Statements.

Standard / interpretation	Description	Effective from periods beginning on or after
Amendment to IAS 21 – Lack of exchangeability	IASB amended IAS 21 to add requirements to help in determining whether a currency is exchangeable into another currency, and the spot exchange rate to use when it is not exchangeable. Amendment set out a framework under which the spot exchange rate at the measurement date could be determined using an observable exchange rate without adjustment or another estimation technique.	1 January 2025
Amendments to IFRS 10 and IAS 28	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture – Amendments to IFRS 10 and IAS 28	(Available for optional adoption / effective date deferred indefinitely)
IFRS 18, 'Presentation and Disclosure in Financial Statements'	The IASB has issued IFRS 18, the new standard on presentation and disclosure in financial statements, with a focus on updates to the statement of profit or loss. The key new concepts introduced in IFRS 18 relate to: • the structure of the statement of profit or loss; • required disclosures in the financial statements for certain profit or loss performance measures that are reported outside an entity's financial statements (that is, management-defined performance measures); and • enhanced principles on aggregation and disaggregation which apply to the primary financial statements and notes in general.	Reporting periods beginning on or after 1 January 2027
IFRS 19 - Reducing subsidiaries` disclosures	IFRS 19 allows eligible subsidiaries to apply IFRS Accounting Standards with the reduced disclosure requirements of IFRS 19. A subsidiary may choose to apply the new standard in its consolidated, separate or individual financial statements provided that, at the reporting date it does not have public accountability and its parent produces consolidated financial statements under IFRS Accounting Standards.	1 January 2027
Other standards		
IFRS S1, 'General requirements for disclosure of sustainability-related financial information	This standard includes the core framework for the disclosure of material information about sustainability-related risks and opportunities across an entity's value chain.	1 January 2024 subject to endorsement from SOCPA
IFRS S2, 'Climate-related disclosures'	This is the first thematic standard issued that sets out requirements for entities to disclose information about climate-related risks and opportunities.	1 January 2024 subject to endorsement from SOCPA

The Group is currently assessing the impact of these amendment on the Group's consolidated financial statements.

6. Property and equipment

	Computers and equipments SR	Furniture and fixtures SR	Leasehold improvements SR	Vehicle SR	Total SR
Cost:					
At 1 July 2023	**1,315,694**	**908,898**	**6,194,754**	55,200	**8,474,546**
Additions during the year	**706,292**	**49,383**	**-**	-	**755,675**
Disposals during the year	**(4,782)**	**-**	**-**	-	**(4,782)**
At 30 June 2024	2,017,204	958,281	**6,194,754**	55,200	9,225,439
Accumulated depreciation:					
At 1 July 2023	**589,166**	**131,703**	**682,352**	**2,722**	**1,405,943**
Depreciation charge for the year	**346,351**	**135,060**	**622,890**	**11,070**	**1,115,371**
Disposal during the year	**(2,003)**	**-**	**-**	**-**	**(2,003)**
At 30 June 2024	933,514	266,763	1,305,242	13,792	2,519,311
Net book value:					
At 30 June 2024	1,083,690	691,518	4,889,512	41,408	6,706,128

	Computers and equipments SR	Furniture and fixtures SR	Leasehold improvements SR	Vehicle SR	Total SR
Cost:					
At 1 July 2022	835,331	715,512	5,975,769	-	7,526,612
Additions during the year	515,759	193,386	329,419	55,200	1,093,764
Disposals during the year	(35,396)	-	(110,434)	-	(145,830)
At 30 June 2023	1,315,694	908,898	6,194,754	55,200	8,474,546
Accumulated depreciation:					
At 1 July 2022	328,676	12,881	75,311	-	416,868
Depreciation charge for the year	263,853	118,822	608,421	2,722	993,818
Disposal during the year	(3,363)	-	(1,380)	-	(4,743)
At 30 June 2023	589,166	131,703	682,352	2,722	1,405,943
Net book value:					
At 30 June 2023	726,528	777,195	5,512,402	52,478	7,068,603

7. Right-of-use-assets

The Group has leases in respect of the business offices. Rental contracts are typically made for a fixed period of 8-10 years and considered an extension option where the Group's management is reasonably certain to exercise.
Lease terms are negotiated on an individual basis and contain a wide range of different terms and conditions. The lease agreements do not impose any covenants.

For short-term leases (a lease term of 12 months or less) and low value assets, the Group has opted to recognise a lease expense on a straight-line basis as permitted under IFRS 16. Expenses relating to short-term leases and low value assets amounting to SR 329,612 (2023: SR 212,287).

The movement in right-of-use assets during the year is as follows:

	For the year ended 30 June	
	2024	2023
	SR	SR
At the beginning of the year	**8,354,568**	9,577,188
Depreciation charge for the year	**(1,466,794)**	(1,222,620)
Additions during the year*	**14,650,395**	-
At the end of the year	**21,538,169**	8,354,568

* During the year, the Group entered into a 10-year lease agreement for a business office.

8. Intangible assets

The movement in intangible assets during the year is as follows:

	Software SR	**Work in progress* SR**	**Total SR**
Cost:			
At 1 July 2023	**935,672**	**806,988**	**1,742,660**
Additions during the year	**-**	**1,983,537**	**1,983,537**
At 30 June 2024	**935,672**	**2,790,525**	**3,726,197**
Accumulated amortisation:			
At 1 July 2023	**935,672**	-	**935,672**
At 30 June 2024	**935,672**	-	**935,672**
Net book value:			
At 30 June 2024	-	**2,790,525**	**2,790,525**

	Software SR	Work in progress SR	Total SR
Cost:			
At 1 July 2022	935,672	471,854	1,407,526
Additions during the year	-	335,134	335,134
At 30 June 2023	935,672	806,988	1,742,660
Accumulated amortisation:			
At 1 July 2022	935,672	-	935,672
At 30 June 2023	935,672	-	935,672
Net book value:			
At 30 June 2023	-	806,988	806,988

*Work in progress as at 30 June 2024 and 2023, primarily represents online platforms from which the Group expects to receive future economic benefits and is currently under progress and no amortisation is charged.

- Work in progress includes SR 31,631 of cost capitalised during the year 2024 (30 June 2023: nil). Borrowing cost capitalised during the year amounting to SR 21,246 (30 June 2023: nil). Average interest rate on borrowing as at 30 June 2024 is 8.13% per annum.

9. Investment in an associate

		Percentage of ownership	
Name		**30 June 2024**	30 June 2023
National Real Estate Platform Company	Saudi Arabia	**32.68%**	32.68%

National Real Estate Platform Company is a limited liability company. The Company is engaged in real estate activities, consultancy, advisory services, computer programming, data processing and web related activities. The movement of investment in an associate during the year is as follows:

9. Investment in an associate (continued)

	For the year ended 30 June	
	2024	2023
	SR	SR
At the beginning of the year	**2,316,164**	789,258
Addition during the year *	**1,102,000**	-
Disposal during the year	-	(252,528)
Share of profit from investment in an associate	**2,019,933**	1,779,434
At the end of the year	**5,438,097**	2,316,164

During the year ended 30 June 2023, the Group sold 2.77% stake, that had a carrying value of SR 252,528. This has resulted in a gain of SR 5,295,473 (note 30). The Group still hold significant influence over the investee Company.

* This amount represents a transfer from "due from related party" for which the settlement of this balance is neither planned nor likely to occur in the foreseeable future.

Summarised financial information in respect of the Group's associate is set out below and represents amounts shown in the associate's audited financial statements.

	30 June	30 June
	2024	2023
Statement of financial position	**SR**	SR
Current assets	**154,113,625**	44,903,377
Non-current assets	**4,161,526**	2,485,843
Current liabilities	**(141,353,750)**	(34,208,986)
Non-current liabilities	**(2,078,952)**	(5,620,732)
Equity	**14,842,449**	7,559,502
Less: Additions made by Azm Group	**(1,102,000)**	-
Equity attributable to equity holders of the Company	**13,740,449**	7,559,502
Less: profit belong to other shareholders resulting from disposals	**(472,097)**	(472,097)
Adjusted equity	**13,268,352**	7,087,405
Group's share in percentage	**32.68%**	32.68%
Group's share in SR	**4,336,097**	2,316,164
Add: Addition during the year	**1,102,000**	-
Carrying amount of investment in an associate	**5,438,097**	2,316,164

	For the year ended 30 June	
	2024	2023
Statement of comprehensive income	**SR**	SR
Revenue for the year	**29,893,917**	16,844,768
Gross profit for the year	**11,187,857**	9,507,166
Profit before zakat for the year	**6,514,399**	4,413,462
Zakat for the year	**333,452**	199,156
Profit for the year	**6,180,947**	4,214,306
Total comprehensive income for the year	**6,180,947**	4,214,306

10. Investment in finance lease

During the year 2022, the Group entered into an agreement with Real Estate Projects Fund Company, whereby the Group leased the three-floor building for a period of 8 years. The Group became a lessee and therefore had to record a right of use asset and lease liability under IFRS 16. However, during the same month, the Company sub-leased floors 2 and 3 to two different tenants. Floor 2 was sub-leased for 2 years, while floor 3 was sub-leased for a period of 8 years. The sublease of floor 2 was categorised as an operating lease while floor 3 was categorised as a finance lease. As a result, the Group recognised 'net investment in lease' for the sub-lease. The movement is as follows:

	For the year ended 30 June	
	2024	2023
	SR	SR
At the beginning of the year	**4,529,280**	5,201,280
Payment received during the year	**(672,000)**	(672,000)
At the end of the year	**3,857,280**	4,529,280
Current	**(672,000)**	(672,000)
Non-current	**3,185,280**	3,857,280

11. Financial assets at fair value through other comprehensive income

		Percentage of ownership			
Unquoted equity investments	**Country of incorporation**	**30 June 2024**	30 June 2023	**30 June 2024 SR**	30 June 2023 SR
SITECH Inc.	Cayman Islands	**3.28%**	3.28%	**916,822**	1,250,207
US and Global Tech opportunities Holding Company	Bahrain	**0.74%**	0.74%	**520,674**	520,674
				1,437,496	1,770,881

The movement in the financial assets at fair value through other comprehensive income during the year is as follows:

	For the year ended 30 June	
	2024	2023
	SR	SR
At the beginning of the year	**1,770,881**	1,883,524
Change in fair value	**(333,385)**	135,082
Disposal during the year	-	(247,725)
At the end of the year	**1,437,496**	1,770,881

The significant unobservable inputs used for valuation of financial assets at fair value through other comprehensive income is as follows:

Unquoted equity investments	**Valuation technique**	**Significant unobservable inputs**	**Description of valuation technique**
SITECH Inc.	Market method	Comparable entities Discount factors (minority and liquidity)	This approach establishes weighted average equity value by computing EV/Revenue and EV/EBITDA of the Company using multiplies of revenue and EBITDA of comparable entities and adjusting for minority stake and liquidity. The market approach is a general way of determining the value of a business, business ownership interest, security, or intangible asset by using one or more methods that compare the subject to similar businesses, business ownership interests, securities, or intangible assets that have been sold. The management applied revenue and EBITDA multiples of 2.1X and 14.71X, respectively, along with a 10% discount factor to account for minority interests and liquidity considerations.

There were no significant inter-relationships between unobservable inputs that materially affect fair values. A 10% change in the above unobservable inputs will not result in a significant change to the fair value.

12. Financial assets held at amortised cost

The financial assets held at amortised cost is as follows:

	30 June 2024 SR	30 June 2023 SR
Investment in Sukuk- quoted (note 12.1)	**26,127,687**	24,995,169
Investment in Sukuk- unquoted (note 12.1)	**5,057,301**	-
Financial assets held at amortised cost	**31,184,988**	24,995,169

12.1 During the year ended 30 June 2023, the Group invested an amount of SR 25 million in Corporate Sukuk carrying a profit rate in a range of 4.4% to 4.8% per annum with various maturity dates ending in 2028. During the current year, the Group has further invested an amount of SR 5.7 million in Corporate Sukuk and unquoted sukuk carrying a profit rate in a range of 4.8% to 8.4% per annum with maturity dates ending 2028.

13. Financial assets at fair value through profit or loss

The movement of investment at FVPL during the year is as follows:

	For the year ended 30 June	
	2024 SR	2023 SR
At the beginning of the year	**25,019,473**	17,000,000
Additions during the year *	**40,000,000**	27,000,000
Disposals during the year **	**(40,142,349)**	(19,769,472)
Change in fair value	**1,124,875**	788,945
At the end of the year	**26,001,999**	25,019,473

* During the year, the Group invested an amount of SR 40 million in a Mutual Fund through a brokerage company of a local bank in Saudi Arabia. The intention of the Group is to take advantage of the upside movement in price, efficiently manage the short-term excess liquidity and record any gain or loss in the fair value to profit or loss account.

** During the year, the Group sold financial assets at fair value through profit or loss amounting to SR 40 million (30 June 2023: SR 20 million). The realised gain during the current year amounted to SR 265,540 (30 June 2023: SR 230,528).

14. Related party transactions and balances

Related parties comprise of shareholders, key management personnel, directors and businesses which are controlled directly or indirectly or influenced by the partners, directors or key management personnel. In the normal course of business, the Group has various transactions with its related parties. Transactions are entered into with the related parties on terms and conditions approved by either the Group's management or its Board of Directors.

Related party	**Nature of relationship**
Saudi AZM Holding Company	Shareholder
Itmam Consultancy Company	Affiliate
AZM Financial Technology Company	Affiliate
Azm Digital Company for Communication and Information Technology	Affiliate
Business Innovation Mine Company	Affiliate
Azm Development Private Limited	Affiliate
Future Communications for Telecommunication and Information Technology	Affiliate
National Real Estate Platform Company	Associate

- Affiliate is an entity that has common shareholding and/or common management with the Group or entities that are significantly influenced or controlled by affiliates.

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14. Related party transactions and balances (continued)

Related party	Nature of significant transactions	For the year ended 30 June 2024 SR	2023 SR
AZM Financial Technology Company	Revenue/income from affiliate	**2,581,930**	4,560,698
	Expenses paid/incurred by affiliate on behalf of the Company*	**14,846,523**	28,464,194
	Expenses paid/incurred by the Company on behalf of affiliate	**2,087,862**	1,439,403
Itmam Consultancy Company	Revenue from affiliate	**-**	15,894,693
	Expenses paid/incurred by affiliate on behalf of the Company	**-**	264,563
Azm Digital Company for Communications and Information Technology	Revenue from affiliate	**414,347**	-
	Expenses paid/incurred by affiliate on behalf of the Company	**16,030,764**	-
	Expenses paid/incurred by the Company on behalf of Affiliate	**151,307**	-
Azm Development Private Limited	Expenses paid/incurred by affiliate on behalf of the Company	**375,930**	-
National Real Estate Platform Company	Expenses paid/incurred by the Company on behalf of associate	**1,155,186**	-
	Transfer to investment (note 9)	**1,102,000**	-
Business Innovation Mine Company	Revenue from affiliate	**-**	454,193
	Expenses paid/incurred by affiliate on behalf of the Company	**-**	236,370
Future Communications for Telecommunication and Information Technology	Revenue from affiliate	**73,469**	66,367
	Expenses paid/incurred by the Company on behalf of affiliate	**415,698**	-

*This amount includes billing issued by an affiliate where it acts as a subcontractor to the Group.

Transactions with related parties are conducted on terms that would be available to third parties in the normal course of business.

Related parties' balances for the year ended were as follows:

	30 June 2024 SR	30 June 2023 SR
Due from related parties:		
National Real Estate Platform Company	**127,034**	1,102,000
Saudi AZM Holding Company	**-**	35,210
	127,034	1,137,210
Due to related parties:		
AZM Financial Technology Company	**2,342,697**	8,483,674
Azm Digital Company for Communications and Information Technology	**1,813,485**	53,906
	4,156,182	8,537,580

14. Related party transactions and balances (continued)

Compensation to key management and Board of Directors' personnel

Key management personnel of the Group comprise of key members of the management having authority and responsibility for planning, directing and controlling the activities of the Group.

Key management personnel compensation comprised the following:

	For the year ended 30 June	
	2024	2023
	SR	SR
Short-term employee benefits*	**3,042,528**	2,436,944
End of service benefits	**338,763**	218,499
Board of Directors' remuneration	**221,000**	215,000

*Short term employee benefits include share-based payment expenses amounting to SR 334,708 (30 June 2023: SR 148,000).

15. Revenue, contract assets and liabilities

The contract assets primarily relate to the Group's rights to consideration for work completed but not billed at the reporting date. The contract assets are transferred to receivables when the rights become unconditional. This usually occurs when the Group issues an invoice to the customer.

	30 June 2024	30 June 2023
	SR	SR
Revenue	**217,638,378**	170,829,037
Billing issued during the year	**(168,318,668)**	(174,566,390)
Contract liabilities, comprising advance contract billings	**33,856,094**	24,691,027
Contract assets, gross	**83,175,804**	20,953,674
Contract assets		
Contract assets, gross	**83,175,804**	20,953,674
Less: provision for expected credit loss	**(481,745)**	(415,071)
Contract assets, net	**82,694,059**	20,538,603

The movement in the provision for expected credit losses of contract assets during the year is as follow:

	For the year ended 30 June	
	2024	2023
	SR	SR
At the beginning of the year	**415,071**	106,325
Provision charged for expected credit losses	**66,674**	308,746
At the end of the year	**481,745**	415,071

15. Revenue, contract assets and liabilities (continued)

Below is the disaggregation of the Group's revenue from contracts with customers:

	For the year ended 30 June 2024 SR	2023 SR
Major product / Service line		
Enterprise services	**116,121,637**	90,160,482
Proprietary technologies	**58,942,518**	40,642,972
Advisory	**24,607,203**	24,515,351
Platforms for third parties	**17,967,020**	15,510,232
	217,638,378	170,829,037
Type of customers		
Government customers	**119,306,994**	95,538,136
Semi-government customers	**18,606,723**	29,012,605
Private customers	**79,724,661**	46,278,296
	217,638,378	170,829,037

	For the year ended 30 June 2024 SR	2023 SR
Timing of revenue recognition		
Goods or services transferred to customers:		
- over time	**208,173,436**	170,160,216
- point in time	**9,464,942**	668,821
	217,638,378	170,829,037
Kingdom of Saudi Arabia	**217,638,378**	170,829,037

Refer to note 39 for details of adjustment to the comparative information

16. Trade receivables

	30 June 2024 SR	30 June 2023 SR
Trade receivables	**36,940,856**	25,586,326
Less: provision for expected credit losses	**(2,518,198)**	(1,666,625)
	34,422,658	23,919,701

Trade receivables comprise of interest free net receivables due from customers with no credit rating. Unimpaired trade receivable is expected, on the basis of past experience, to be fully recoverable. It is not the practice of the Group to obtain collateral over receivables and vast majority are, therefore, unsecured.

The movement in the provision for expected credit losses of trade receivables during the year is as follows:

	For the year ended 30 June 2024 SR	2023 SR
At the beginning of the year	**1,666,625**	1,198,336
Provision charged for expected credit losses	**851,573**	468,289
At the end of the year	**2,518,198**	1,666,625

16. Trade receivables (continued)

The following table details the risk profile of accounts receivable based on the Group's provision matrix. As the Group's historical credit loss experience does not show significantly different loss pattern for different customer segments, the provision for expected credit losses based on past due status is not further distinguished between the Group's different customer types.

30 June 2024	**Current SR**	**1- 90 days SR**	**91-180 days SR**	**180-270 days SR**	**271-365 days SR**	**More than 365 days SR**	**Total SR**
Gross carrying amount	**12,959,180**	**17,057,298**	**1,391,696**	**1,429,376**	**3,065,233**	**1,038,073**	**36,940,856**
Expected credit loss	**73,802**	**198,158**	**91,614**	**212,848**	**1,225,249**	**716,527**	**2,518,198**

30 June 2023	Current SR	1- 90 days SR	91-180 days SR	180-270 days SR	271-365 days SR	More than 365 days SR	Total SR
Gross carrying amount	17,077,715	4,508,134	945,849	2,492,350	381,976	180,302	25,586,326
Expected credit loss	252,484	218,396	81,454	623,087	310,902	180,302	1,666,625

17. Prepayments and other current assets

	30 June 2024 SR	30 June 2023 SR
Margin against bank guarantees	**10,451,309**	8,527,276
Prepaid expenses	**812,801**	914,470
Advances against investment	**900,000**	900,000
Employee's loans and advances	**898,079**	267,139
Others	**449,890**	198,480
	13,512,079	10,807,365

18. Cash and cash equivalents

	30 June 2024 SR	30 June 2023 SR
Cash at banks	**11,957,376**	27,595,279

19. Share capital

The share capital of the Group amounted to SR 30 million (30 June 2023: SR 30 million) divided into authorised and fully paid 60 million shares (30 June 2023: 60 million shares) of SR 0.5 each share (30 June 2023: SR 0.5 each share).

During the year ended 30 June 2023, the shareholders approved the change of the nominal value of shares. The nominal value was amended from SR 10 to SR 0.5, resulting in a share split and an increase in the number of shares from 3 million shares to 60 million shares in the Extraordinary General Assembly Meeting held on 29 Duh Al-Qi'dah 1444H (corresponding to 18 June 2023).

20. Treasury stock

During the year, the Group completed the purchase of 755,318 shares based on the approval from Extraordinary General Assembly Dated 24 Ramadan 1445H (corresponding to 3 April 2024) of its own shares with an amount of SR 12 million to be allocated to the Employees' Long-term Incentives Program and high performing employee.

The Program intends to attract, motivate and retain employees responsible for the achievement of the Group's goals and strategy. The Program provides a share-based payment plan for eligible employees participating in the Program by granting them shares in the Company to be distributed over a vesting period of 3-5 years, based on percentages in the grant letter. The Group accounts for the share-based payment Program as an equity-settled plan. The shares issued under this Program are based on the average share price during the eligibility month.

The movement in treasury stock during the year is as follows:

	For the year ended 30 June	
	2024	2023
	SR	SR
Opening balance	**7,243,981**	-
Treasury shares purchased during the year	**12,006,309**	11,133,250
Treasury shares distributed during the year	**(2,640,958)**	(3,889,269)
	16,609,332	7,243,981

The expense recognised for employee long-term incentives program during the year is shown in the following table:

	For the year ended 30 June	
	2024	2023
	SR	SR
Expense arising from equity-settled share-based payment transactions	**646,834**	495,250

21. Statutory reserve

The General Assembly in its extraordinary meeting held on 24 Ramadan 1445H (corresponding to 3 April 2024) approved to transfer the statutory reserve balance of SR 5.9 million to retained earnings.

22. Employees' defined benefits liabilities

The movement in provision for employee defined benefits liabilities for the year ended is as follows:

	For the year ended 30 June	
	2024	2023
	SR	SR
Balance at the beginning of the year	**5,081,100**	3,662,919
Amount recognised in profit or loss		
Current service cost	**2,328,962**	2,662,614
Interest expense (note 29)	**236,328**	134,817
	2,565,290	2,797,431
Amount recognised in other comprehensive income		
Remeasurement gain on employees' defined benefit liabilities	**(907,631)**	(282,460)
	(907,631)	(282,460)
Benefits paid during the year	**(1,235,391)**	(957,891)
Transferred to related parties, net	**(475,028)**	(138,899)
Balance at the end of the year	**5,028,340**	5,081,100

22. Employees' defined benefits liabilities (continued)

Significant actuarial assumptions

The Group carried out an employee benefits actuarial valuation, using the projected unit credit method, of its liability as at 30 June 2024 and 2023 arising from the end of service benefits to qualifying in-service employees.

The following are the principal actuarial assumptions:

	30 June 2024	30 June 2023
Key actuarial assumptions		
Discount rate used	**5.20%**	4.80%
Salary growth rate	**7.00%**	5.50%
Mortality rate	**0.06%**	0.06%

Sensitivity analysis
Reasonably possible changes as to one of the relevant actuarial assumptions, holding other assumptions constant, would have affected the defined benefit obligation. The following is a sensitivity analysis for the salary inflation and discount rate assumptions that were performed at the previous and current valuation date:

	30 June 2024		30 June 2023	
	Base	**1% increase SR**	Base	1% increase SR
Discount rate	**5.20%**	**4,634,727**	4.80%	4,575,462
Salary growth rate	**7.00%**	**(5,473,749)**	5.50%	(5,381,293)

Risks associated with defined benefit plans

(a) Longevity risks:

The risk arises when the actual lifetime of retirees is longer than expectation. This risk is measured at the plan level over the entire retiree population.

(b) Salary increase risk:

The most common type of retirement benefit is one where the benefit is linked with final salary. The risk arises when the actual salary increases are higher than expectation and impacts the liability accordingly.

(c) Maturity analysis

The maturity analysis of undiscounted post-employment benefits is as follows:

	Less than a year	**Between 1 - 2 years**	**Between 2 - 5 years**	**Over 5 years**	**Total**
30 June 2024	**633,693**	**416,092**	**1,215,316**	**6,296,034**	**8,561,135**
30 June 2023	572,534	446,582	1,229,281	5,713,608	7,962,005

23. Long and short-term loans

The Group has entered into agreements to obtain long and short-term loans from a local banks in the Kingdom of Saudi Arabia with an outstanding amount of SR 11.18 million as at 30 June 2024 (30 June 2023: SR 8.25 million) at variable interest rates. This loan is secured by the personal guarantees of the shareholder and promissory notes.

23. Long and short-term loans (continued)

The movement in long and short-terms loans for the year ended is as follows:

	For the year ended 30 June	
	2024	2023
	SR	SR
At the beginning of the year	**8,245,000**	2,012,606
Addition during the year	**5,000,000**	8,245,000
Payments during the year	**(2,428,570)**	(2,012,606)
Interest charged during the year	**362,935**	-
At the end of the year	11,179,365	8,245,000
Current liabilities	(11,179,365)	(4,639,555)
Non-current liabilities	-	3,605,445

The loans contain certain covenants which are monitored on a monthly basis by the management. In case of potential breach, appropriate actions are taken by management to ensure compliance. During 2024 and 2023, there has not been any non-compliance observed for any of the covenants.

24. Lease liabilities

The movement in lease liabilities is as follows:

	For the year ended 30 June	
	2024	2023
	SR	SR
At the beginning of the year	**11,587,836**	13,118,508
Additions during the year	**14,650,395**	-
Payments during the year	**(3,200,500)**	(2,251,800)
Interest on lease liabilities (note 29)	**1,063,118**	721,128
At the end of the year	24,100,849	11,587,836
Current portion	(4,326,400)	(2,251,800)
Non-current portion	19,774,449	9,336,036

The aggregate maturities of lease liabilities are as follows:

	30 June 2024	30 June 2023
	SR	SR
Within one year	**4,326,400**	2,251,800
Two to five years	**17,710,924**	9,277,416
More than five years	**10,685,308**	4,773,816
Total undiscounted lease commitments	32,722,632	16,303,032

	30 June 2024	30 June 2023
	SR	SR
Future minimum lease payment	**32,722,632**	16,303,032
Less: un-amortised finance charges	**(8,621,783)**	(4,715,196)
Present value of minimum lease payment	**24,100,849**	11,587,836
Less: current-portion of lease payment	**(4,326,400)**	(2,251,800)
Non-current portion	**19,774,449**	9,336,036

25. Accruals and other liabilities

	30 June 2024 SR	30 June 2023 SR
Accrued expenses	**41,944,136**	18,576,538
VAT Payable	**1,903,400**	5,236,721
Lease rentals received in advance	**808,483**	1,071,145
Retention payable	**-**	433,295
Security deposit	**115,355**	115,355
Withholding tax payable	**74,478**	80,544
Others	**4,871**	183,231
	44,850,723	25,696,829
Non-current portion	**(692,238)**	(923,838)
Current portion	**44,158,485**	24,772,991

26. Zakat and income tax

	30 June 2024 SR	30 June 2023 SR
Zakat payable	**3,984,506**	2,290,694
Income tax payable	**436,213**	196,008
	4,420,719	2,486,702

Charge for the year

Zakat and income tax charge for the year consists of the following:

	For the year ended 30 June	
	2024 SR	2023 SR
Zakat charged during the year	**2,623,303**	1,439,601
Income tax charged during the year	**436,213**	196,008
	3,059,516	1,635,609

The major components of the zakat base are as follow:

	30 June 2023 SR	30 June 2023 SR
Equity	**63,516,560**	51,820,439
Opening provisions and other adjustments	**17,967,003**	28,240,262
Book value of long-term assets	**(57,246,514)**	(59,943,379)
	24,237,049	20,117,322
Adjusted profit for the year	**43,317,917**	31,554,351
Zakat base	**67,554,966**	51,671,673

26. Zakat and income tax (continued)

The differences between the financial and the zakat results are mainly due to provisions which are not allowed in the calculation of zakat income.

The movement in provision for zakat and income tax during the year is as follows:

	For the year ended 30 June	
	2024	2023
	SR	SR
At the beginning of the year	**2,486,702**	1,581,198
Charge during the year	**3,059,516**	1,635,609
Paid during the year	**(1,125,499)**	(730,105)
At the end of the year	**4,420,719**	2,486,702

Status of zakat and income tax assessments
The Group filed its zakat and income tax return to the Zakat, Tax and Customs Authority ("ZATCA") up to the financial year ended 30 June 2023 and is still awaiting final zakat assessments.

27. Cost of revenue

	For the year ended 30 June	
	2024	2023
	SR	SR
Salaries, wages and related costs	**94,211,295**	94,944,729
Consulting services	**31,365,013**	21,025,642
IT expenses	**7,838,454**	2,081,175
Event operating costs	**7,188,121**	-
Travel, transport and vacations	**4,105,620**	3,945,080
Staff medical Insurance	**3,690,099**	3,902,453
Employees' defined benefits cost	**1,718,701**	1,989,851
Others	**9,698,858**	4,466,225
	159,816,161	132,355,155

28. General and administrative expenses

	For the year ended 30 June	
	2024	2023
	SR	SR
Salaries, wages and related costs	**12,943,489**	11,681,397
Professional fees	**4,280,247**	1,613,384
Right-of-use assets depreciation	**1,466,794**	707,020
Depreciation of property and equipment (note 6)	**1,115,371**	993,818
Social insurance	**1,038,466**	1,178,519
Insurance	**922,440**	591,042
Subscription expenses	**774,636**	185,959
Board of directors' and committees' remuneration	**714,500**	421,000
Employees' defined benefits cost	**610,262**	684,006
Tax expense	**577,965**	311,790
Rent expenses	**329,612**	212,287
Training expenses	**278,938**	274,499
IT expenses	**232,521**	429,368
Others	**2,875,006**	1,063,242
	28,160,247	20,347,331

29. Finance cost, net

	For the year ended 30 June	
	2024	2023
	SR	SR
Interest on lease liabilities	**1,063,118**	721,128
Income from sub lease asset	**(262,663)**	(291,536)
Finance charges on loans and bank guarantees	**499,196**	600,305
Interest on employees' defined benefits liabilities	**236,328**	134,817
	1,535,979	1,164,714

30. Other income, net

	For the year ended 30 June	
	2024	2023
	SR	SR
Gain on disposal of investment in associates (note 9)	-	5,295,473
Rental income	**1,848,547**	1,333,813
Finance income on assets held at amortised cost	**1,669,794**	-
Change in fair value of investment at FVPL (note 13)	**1,124,875**	788,945
Realised gain on the sale of investment at FVPL (note 13)	**265,540**	230,528
Dividends income	**159,761**	-
Loss on disposal of property and equipment	**(267)**	-
Others	**(7,166)**	14,131
	5,061,084	7,662,890

31. Earnings per share

Basic earnings per share is calculated by dividing the income attributable to equity holders of the Company by the weighted average number of ordinary shares in issue during the period.

Diluted earnings per share is calculated by dividing the profit for the year by the adjusted weighted average number of ordinary shares outstanding during the year, to assume conversion of all dilutive potential shares into ordinary shares.

	30 June 2024	30 June 2023
	SR	SR
Profit attributable to equity holders of the Company	**27,948,450**	23,081,725
Weighted average number of ordinary shares	**59,832,924**	59,501,500
Basic and diluted, income per share	**0.47**	0.39

32. Financial assets and financial liabilities

Set out below is a summary of financial assets, other than cash and cash equivalents, held by the Group as at 30 June 2024 and 2023:

	30 June 2024 SR	30 June 2023 SR
Financial assets at amortised cost		
Financial assets at amortised cost	**31,184,988**	24,995,169
Trade receivables	**34,422,658**	23,919,701
Contract assets	**82,694,059**	20,538,603
Due from related parties	**127,034**	1,137,210
Other current assets	**11,349,388**	8,794,415
Financial assets measured at fair value		
Financial assets at fair value through other comprehensive income	**1,437,496**	1,770,881
Financial assets at fair value through profit or loss	**26,001,999**	25,019,473
Total financial assets	**187,217,622**	106,175,452
Total current	**(154,595,138)**	(79,409,402)
Total non-current	**32,622,484**	26,766,050

Set out below is a summary of financial liabilities held by the Group as at 30 June 2024 and 2023:

	30 June 2024 SR	30 June 2023 SR
Financial liabilities at amortised cost		
Long-term loans	**-**	3,605,445
Current portion of long-term loan	**6,094,626**	4,639,555
Shor-term loan	**5,084,739**	-
Trade payables	**22,528,586**	3,251,888
Due to related parties	**4,156,182**	8,537,580
Total financial liabilities	**37,864,133**	20,034,468
Total current	**(37,864,133)**	(16,429,023)
Total non-current	**-**	3,605,445

The fair values of the financial assets and liabilities of the Group at the reporting date are not materially different from their carrying values as at 30 June 2024 and 2023.

33. Fair value hierarchy

The following table provides the fair value measurement hierarchy of the Group's financial assets as at 30 June 2024 and 2023.

	Total SR	Quoted prices in active markets (Level 1) SR	Significant unobservable inputs (Level 3) SR
As at 30 June 2024			
Financial assets measured at fair value			
Financial assets at fair value through other comprehensive income	**1,437,496**	**-**	**1,437,496**
Financial assets at fair value through profit or loss	**26,001,999**	**26,001,999**	**-**
As at 30 June 2023			
Financial assets measured at fair value			
Financial assets at fair value through other comprehensive income	1,770,881	-	1,770,881
Financial assets at fair value through profit or loss	25,019,473	25,019,473	-

There were no transfers between levels during the years ended 30 June 2024 and 2023.

The fair values of the financial assets and liabilities measured at amortised cost of the Group at the reporting date are not materially different from their carrying values as at 30 June 2024 and 30 June 2023.

All financial instruments for which fair value is recognised or disclosed are categorised within the fair value hierarchy, based on the lowest level input that is significant to the fair value measurement as a whole, as follows:

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.

34. Financial risk management objectives and policies

Introduction
The Group's objective in managing risk is the creation and protection of shareholder value. Risk is inherent in the Group's activities, but it is managed through a process of ongoing identification, measurement and monitoring, subject to risk limits and other controls. The process of risk management is critical to the Group's continuing profitability. The Group is exposed to market risk (which includes interest rate risk, currency risk and price risk), liquidity risk, credit risk and investment holding period risk arising from the financial instruments it holds.

Financial risk factors
The Group's financial assets include cash and cash equivalents, trade receivables, contract assets, due from related parties, investment at FVOCI and FVPL and financial assets at amortised cost that result directly from its operations. The Group's financial liabilities comprise of borrowings, contract liabilities, due to related parties, trade payables.

The Group is exposed to market risk (currency risk, interest rate risk and price risk), credit risk and liquidity risk.

This note presents information about the Group's exposure to each of the above risks, the Group's objectives, policies and processes for measuring and managing risk, and the Group's management of capital.

34. Financial risk management objectives and policies (continued)

Risk management framework

The Board of Directors has an overall responsibility for the establishment and oversight of the Group's risk management framework. The Board is responsible for developing and monitoring the Group's risk management policies. Management reports regularly to the Board of Directors on its activities.

The Group's risk management policies are established to identify and analyse the risks faced by the Group, to set appropriate risk limits and controls, and to monitor risks and adherence to limits. Risk management policies and systems are reviewed regularly to reflect changes in market conditions and the Group's activities. The Group, through its training and management standards and procedures, aims to develop a disciplined and constructive control environment in which all employees understand their roles and obligations.

Risk management structure
A cohesive organisational structure is established within the Group in order to identify, assess, monitor and control risks.

Board of Directors
The apex of risk governance is the centralised oversight of the Board of Directors providing direction and the necessary approvals of strategies and policies in order to achieve defined corporate goals.

Senior management
Senior management is responsible for the day to day operations towards achieving the strategic goals within the Group's pre-defined risk appetite.

Risk mitigation
The risks faced by the Group and the way these risks are mitigated by management are summarised below:

(i) Market risk

Market risk is the risk that changes in market prices, such as currency rates and interest rates that will affect the Group profit or the value of its holdings of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimizing the return.

(a) Currency risk
Currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate due to changes in foreign exchange rates. The Group's transactions are principally in Saudi Riyals and US Dollars. The Group's exposure to foreign currency changes for US dollars is not material due to the fact that the Saudi Riyals is pegged with US dollars, and the Group does not have any material assets or liabilities in US dollars as at 30 June 2024.

(b) Interest rate risk
Interest rate risk is the risk that either fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates.

The Group's interest rate risk arises from its borrowings. Borrowings issued at variable rates expose the Group to change in cash flow due to change in interest rates. The Group manages its interest rate risk by having a mix of variable and fixed rate borrowings in order to hedge certain interest rate exposures.

Interest rate sensitivity
The following table demonstrates a reasonably possible change of 100 basis points in interest rates at the reporting date would have increased (decreased) profit or loss by the amount shown below. The analysis assumes that all other variables, in particular foreign currency exchange rates, remain constant.

	Profit or loss	
	100 bp increase	**100 bp decrease**
	SR	**SR**
30 June 2024		
Variable-rate instruments	**571,870**	**(571,870)**

	Profit or loss	
	100 bp increase	100 bp decrease
	SR	SR
30 June 2023		
Variable-rate instruments	500,146	(500,146)

34. Financial risk management objectives and policies (continued)

(i) Market risk (continued)

(c) Price risk

Price risk represents the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices (other than those arising from interest rate risk or currency risk), whether those changes are caused by factors specific to the individual financial instrument or its issuer, or factors affecting all similar financial instrument traded in the market. The Company financial assets and liabilities are not exposed to price risk.

(ii) Credit risk

Credit risk refers to the risk that a party to a financial instrument will default on its contractual obligations resulting in financial loss to the Group. The Group has adopted a policy of only dealing with creditworthy counterparties, for whom the credit risk is assessed to be low. The Group attempts to control credit risk by monitoring credit exposures, limiting transactions with specific non-related counterparties, and continually assessing the creditworthiness of such non-related counterparties. The Group maintains bank accounts with high credit rated financial institutions.

The table below shows the Group's maximum exposure to credit risk for components of the consolidated statement of financial position.

	30 June 2024 SR	30 June 2023 SR
Financial assets		
Contract assets	**82,694,059**	20,538,603
Trade receivables	**34,422,658**	23,919,701
Financial assets at amortised cost	**31,184,988**	24,995,169
Margin against bank guarantees	**10,451,309**	8,527,276
Due from related parties	**127,034**	1,137,210
Cash at banks	**11,957,376**	27,595,279
	170,837,424	106,713,238

Trade receivable and contract assets
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 associated with the industry and sector in which customers operate.

Loss rates are based on actual historic credit loss experience. These rates reflect differences between economic conditions during the year over which the historic data has been collected, current conditions and the Group view of economic conditions over the expected lives of the receivables. Scalar factors are based on actual and forecast gross domestic product growth. The Group provides for trade receivables and contract assets by applying the simplified approach to assess the expected credit losses. The Group's usual credit terms are 90 days, however, outstanding amounts above 90 days are not considered impaired by default as the Group's customers are government, semi-government and private companies with sound financial health and no history of default.

Credit concentration
Concentration of credit risk arises when a number of counter-parties are engaged in similar business activities, or activities in the same geographic region, or have similar economic features that would cause their ability to meet contractual obligations to be similarly affected by changes in economic political or other conditions.

No significant concentrations of credit risk were identified by the management as at the reporting date.

34 Financial risk management objectives and policies (continued)

(ii) Credit risk (continued)

The following table provides information about the exposure to credit risk and ECLs for trade receivable as at 30 June:

30 June 2024	**Gross carrying amount SR**	**Expected credit loss SR**
Not due	**12,959,180**	**73,802**
Past due 1-90 days	**17,057,298**	**198,158**
Past due 91-180 days	**1,391,696**	**91,615**
Past due 181-270 days	**1,429,376**	**212,848**
Past due 271 – 365 days	**3,065,233**	**1,225,249**
More than 365 days	**1,038,073**	**716,526**
	36,940,856	**2,518,198**

30 June 2023	Gross carrying amount SR	Expected credit loss SR
Not due	17,077,715	252,484
Past due 1-90 days	4,508,134	218,396
Past due 91-180 days	945,849	81,454
Past due 181-270 days	2,492,350	623,087
Past due 271 – 365 days	381,976	310,902
More than 365 days	180,302	180,302
	25,586,326	1,666,625

Credit risk on cash at banks is limited as the cash balances are held with banks having a credit rating of A3 and above. Other financial assets such as financial assets held at amortised cost, Margin against bank guarantees and due from related parties have a low credit risk and the impact of applying ECL is immaterial.

(iii) Liquidity risk

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

Management believes that the Group is not exposed to significant risks in relation to liquidity and maintains different lines of credit.

The table below summarises the maturity profile of the Group financial liabilities based on contractual undiscounted payments:

30 June 2024	**Carrying amount SR**	**Contractual cashflow SR**	**Within one year SR**	**Above one year SR**
Current portion of long-term loan	**6,094,626**	**6,156,429**	**6,156,429**	**-**
Short-term loan	**5,084,739**	**5,203,373**	**5,203,373**	**-**
Trade payables	**22,528,586**	**22,528,586**	**22,528,586**	**-**
Lease liabilities	**24,100,849**	**32,722,632**	**4,326,400**	**28,396,232**
Due to related parties	**4,156,182**	**4,156,182**	**4,156,182**	**-**
Total	**61,964,982**	**70,767,202**	**42,370,970**	**28,396,232**

34. Financial risk management objectives and policies (continued)

(iii) Liquidity risk (continued)

30 June 2023	Carrying amount SR	Contractual cashflow SR	Within one year SR	Above one year SR
Long-term loan	8,245,000	8,585,000	4,878,393	3,706,607
Trade payables	3,251,888	3,251,888	3,251,888	-
Lease liabilities	11,587,836	16,303,032	2,251,800	14,051,232
Due to related parties	8,537,580	8,537,580	8,537,580	-
Total	31,622,304	36,677,500	18,919,661	17,757,839

35. Capital management

Capital is equity attributable to the shareholders of the Group. The Group objectives when managing capital are to safeguard their ability to continue as a going concern, so that they can continue to provide returns for shareholders and benefits for other stakeholders and maintain an optimal capital structure to reduce the cost of capital.

The management 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 manages its capital structure and makes adjustments to it, in light of change in economic conditions. The management monitors the return on capital, which the Group defines as result from operating activities divided by total shareholders' equity. The management also monitors the level of dividends to the shareholders.

There were no changes in the Group's' approach to capital management during the year. The Group is not subject to externally imposed capital requirements. The Group's gearing ratio at the end of the reporting period was as follows:

	30 June 2024 SR	30 June 2023 SR
Long-term liabilities	**25,495,027**	18,946,419
Total equity	**91,547,030**	69,281,322
Gearing ratio	**0.28**	0.27

36. Contingencies

The Group has contingencies for the following bank guarantees:

	30 June 2024 SR	30 June 2023 SR
Letter of guarantees	**40,573,435**	25,732,387

37. Segment information

Operating segments are components that engage in business activities that may earn revenues or incur expenses, whose operating results are regularly reviewed by the chief operating decision maker ("CODM") and for which discrete financial information is available. The CODM is the person or group of persons who allocates resources and assesses the performance for the entity. The CODM has been identified as the Board of Directors of the Group through the executive management, which includes Chief Executive Officer and Chief Financial Officer.

With respect to the allocation of resources and assessment of performance of the Group, the CODM considers the entire business as one function. The major products/service lines offered by the Group are disclosed under note 15. Furthermore, the Group's operations are conducted in the Kingdom of Saudi Arabia.

38. Subsequent event

In the opinion of management, there have been no significant subsequent events since 30 June 2024 that would have a material impact on the financial position or financial performance of the Group as reflected in these consolidated financial statements.

39. Adjustments to comparative figures

During the year, the Group identified that certain line items in the consolidated financial statements were not in accordance with IAS 1 "Presentation of Financial Statements" and IAS 7 "Statement of Cash Flows". The Group has also re-evaluated the accounting treatment of a contract under IFRS 15 "Revenue from Contracts with Customers". This resulted in adjustments to certain line items in the comparative information relating to the year ended 30 June 2023.:

39.1 Impact of adjustments on the statement of comprehensive income for the year ended 30 June 2023

Adjustment 1
In accordance with IFRS 15, when the Group performs agency-related activities under a contract, the Group only recognises net commission income. During the current year, the Group has re-evaluated its arrangement with clients and concluded that in one of the contracts, the Group is acting as an agent. As a result, revenue and cost of revenue were overstated by SR 19,540,130 million for the year ended 30 June 2023. Accordingly, the management has corrected such amounts in the consolidated statement of comprehensive income.

Adjustment 2
As per IAS 1 paragraph 82, expected credit losses determined in accordance with section 5.5 of IFRS 9 "expected credit losses" should be presented on the face of the consolidated statement of comprehensive income. However, the expected credit losses for the year ended 30 June 2023 amounting to SR 777,035 were presented as part of selling and distribution expenses. Accordingly, the management has adjusted this amount in the consolidated statement of comprehensive income.

	As issued	Adjustment 1	Adjustment 2	Adjusted
	SR	SR	SR	SR
Revenue	190,369,167	(19,540,130)	-	170,829,037
Cost of revenue	(151,895,285)	19,540,130	-	(132,355,155)
Gross profit	**38,473,882**	**-**	**-**	**38,473,882**
General and administrative expenses	(20,347,331)	-	-	(20,347,331)
Selling and distribution expenses	(801,183)	-	777,035	(24,148)
Expected credit losses	-	-	(777,035)	(777,035)
Operating profit	**17,325,368**	**-**	**-**	**17,325,368**

39.2 Impact of adjustments on the statement of cash flows for the year ended 30 June 2023

Adjustment 1
In accordance with IAS 7, share based payment expenses and disbursement of treasury shares amounting to SR 495,250 and SR 3,713,972 respectively, should be disclosed under operating activities. In addition, purchase of treasury shares amounting to SR 11,133,250 should be disclosed under financing activities. Such amounts were disclosed on a net basis under financing activities in the statement of cash flows for the year ended 30 June 2023. Management has corrected the comparative amounts during the current year.

Adjustment 2
In prior year, purchase and proceeds from disposals of financial assets at fair value through profit or loss were grossed-up with both realised and unrealised gain in the consolidated statement of cash flows, resulting in overstating those accounts by SR 1,019,473. Management has corrected the comparative amounts during the current year.

Adjustment 3
In accordance with IAS 7, principal and interest elements of lease payments and proceeds from finance lease should be disclosed separately in the consolidated statement of cash flows under financing and investing activities, however, in prior year, lease payments were netted with the proceeds from finance lease and prepayments and other assets amounting to SR 672,000 and SR 255,774 respectively. Management has corrected comparative amounts during the current year.

Adjustment 4
In accordance with IAS 7, rental income received from short-term leases should be disclosed in the consolidated statement of cash flows under investing activities, however, in prior year, rental income amounting to SR 1,333,813 was disclosed under operating activities as part of profit before zakat and income tax. Management has corrected comparative amounts during the current year.

39. Adjustments to comparative figures (continued)

39.2 Impact of adjustments on the statement of cash flows for the year ended 30 June 2023 (continued)

	As issued	Adjustment 1	Adjustment 2	Adjustment 3	Adjustment 4	Adjusted
	SR	SR	SR	SR	SR	SR
Operating activities						
Profit before zakat and income tax	25,602,978	-	-	-	-	25,602,978
Adjustments to reconcile profit before zakat and income tax to net cash flows:						
Share based payment expenses	-	495,250	-	-	-	495,250
Rental income	-	-	-	-	(1,333,813)	(1,333,813)
	24,559,927	**495,250**	-	-	**(1,333,813)**	**23,721,364**
Changes in operating assets and liabilities						
Prepayments and other current assets	1,607,870	-	-	(255,774)	-	1,352,096
Due from/to related parties, net	8,677,283	1,055,647	-	-	-	9,732,930
Accruals and other current liabilities	11,691,034	2,658,325	-	-	-	14,349,359
Net cash flows generated from operating activities	**30,618,633**	**4,209,222**	-	**(255,774)**	**(1,333,813)**	**33,238,268**
Investing activities						
Purchase of financial assets at fair value through profit or loss	(28,019,473)	-	1,019,473	-	-	(27,000,000)
Proceeds from disposal of financial assets at fair value through profit or loss	20,788,945	-	(1,019,473)	-	-	19,769,472
Proceed from investment in finance lease	-	-	-	672,000	-	672,000
Rental income received	-	-	-	-	1,333,813	1,333,813
Net cash flows used in investing activities	**(27,717,782)**	-	-	**672,000**	**1,333,813**	**(25,711,969)**
Financing activities						
Purchase of treasury shares	(6,924,028)	(4,209,222)	-	-	-	(11,133,250)
Principal element of lease payments	(1,835,574)	-	-	304,902	-	(1,530,672)
Interest element of lease payment	-	-	-	(721,128)	-	(721,128)
Net cash flows used in financing activities	**(2,527,208)**	**(4,209,222)**	-	**(416,226)**	-	**(7,152,656)**
Net change in cash and cash equivalents	**373,643**	-	-	-	-	**373,643**
Cash and cash equivalents at the beginning of the year	27,221,636	-	-	-	-	27,221,636
Cash and cash equivalents at the end of the year	**27,595,279**	-	-	-	-	**27,595,279**

There was no impact on the consolidated statement of financial position as at 30 June 2023 and the consolidated statement of changes in equity for the year ended 30 June 2023 as a result of the above adjustments.

40. Approval of the consolidated financial statements

The consolidated financial statements have been approved by the Board of Directors, on 25 Safar 1446H (corresponding to 29 August 2024).

6.4. Condensed Consolidated Interim Financial Statements for the three-month and six-month periods ended December 31, 2024.

Saudi AZM for Communication and Information Technology Company
(A Saudi Joint Stock Company)

Interim condensed consolidated financial statements and independent auditor's review report for the three-month and six-month periods ended 31 December 2024 (Unaudited)

Saudi AZM for Communication and Information Technology Company
(A Saudi Joint Stock Company)
Interim condensed consolidated financial statements
For the three-month and six-month periods ended 31 December 2024 (Unaudited)

PKF Al Bassam
Chartered Accountants

INDEPENDENT AUDITOR'S REVIEW REPORT ON THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

(1 /1)

TO THE SHAREHOLDERS OF SAUDI AZM FOR COMMUNICATION AND INFORMATION TECHNOLOGY COMPANY
A SAUDI JOINT STOCK COMPANY

RIYADH, KINGDOM OF SAUDI ARABIA

INTRODUCTION

We have reviewed the accompanying interim condensed consolidated statement of financial position of Saudi AZM for Communication and Information Technology Company (the "Company") as at 31 December 2024 and the related interim condensed consolidated statement of profit or loss and comprehensive income for the three-month and six-month periods then ended, and the interim condensed consolidated statements of changes in equity and cash flows for the six-month period then ended, and a summary of material accounting policies and other explanatory notes. Management is responsible for the preparation and presentation of these interim condensed financial statements in accordance with International Accounting Standard 34 - "Interim Financial Reporting" ("IAS 34") that is endorsed in the Kingdom of Saudi Arabia. Our responsibility is to express a conclusion on these interim condensed financial statements based on our review.

SCOPE OF REVIEW

We conducted our review in accordance with International Standard on Review Engagement 2410, "Review of Interim Financial Information Performed by the Independent Auditor of the Entity", that is endorsed in the Kingdom of Saudi Arabia. A review of interim condensed financial statements consists of making inquiries, primarily of persons responsible for financial and accounting matters and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing that are endorsed in the Kingdom of Saudi Arabia and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

CONCLUSION

Based on our review, nothing has come to our attention that causes us to believe that the accompanying interim condensed consolidated financial statements are not prepared, in all material respects, in accordance with IAS 34 that is endorsed in the Kingdom of Saudi Arabia.

For PKF Al-Bassam Chartered Accountants
Ahmed Abdulmajeed Mohandis

Certified Public Accountant
License No. 477
Riyadh: Sha'ban 4, 1446 AH
Corresponding to: 03 Febraury 2025

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Saudi AZM for Communication and Information Technology Company
(A Saudi Joint Stock Company)
Interim condensed consolidated statement of financial position
As of 31 December 2024

	Note	31 December 2024 (Unaudited) SR	30 June 2024 (Audited) SR
Assets			
Non-current assets			
Property and equipment		**7,393,557**	6,706,128
Right-of-use assets		**21,008,373**	21,538,169
Intangible assets		**6,512,498**	2,790,525
Investments in associates	3	**10,187,974**	5,438,097
Investment in a finance lease		**2,849,280**	3,185,280
Financial assets at fair value through other comprehensive income	4	**1,796,179**	1,437,496
Financial assets held at amortised cost	5	**18,369,190**	31,184,988
Total non-current assets		**68,117,051**	72,280,683
Current assets			
Current portion of investment in finance lease		**672,000**	672,000
Current portion of financial assets held at amortised cost	5	**18,205,769**	-
Financial assets at fair value through profit or loss	6	**132,717,839**	26,001,999
Due from related parties	7	**115,813**	127,034
Contract assets	8	**35,786,808**	82,694,059
Trade receivables	9	**27,115,789**	34,422,658
Prepayments and other current assets		**14,705,671**	13,512,079
Cash and cash equivalents		**16,697,943**	11,957,376
Total current assets		**246,017,632**	169,387,205
Total assets		**314,134,683**	241,667,888
Equity and liabilities			
Equity			
Share capital	10	**30,000,000**	30,000,000
Treasury stock		**(16,381,461)**	(16,609,332)
Share based payment reserve	11	**14,470,582**	954,555
Retained earnings		**91,898,512**	74,099,175
Equity attributable to equity holders of the Company		**119,987,633**	88,444,398
Non-controlling interest		**765,398**	3,102,632
Total equity		**120,753,031**	91,547,030
Liabilities			
Non-current liabilities			
Employees' defined benefits liabilities		**6,234,125**	5,028,340
Lease liabilities		**19,396,002**	19,774,449
Accruals and other liabilities-non-current		**588,818**	692,238
Total non-current liabilities		**26,218,945**	25,495,027
Current liabilities			
Current portion of long-term loan		**2,505,284**	6,094,626
Short-term loan		**-**	5,084,739
Current portion of lease liabilities		**5,452,300**	4,326,400
Contract liabilities	8	**71,213,448**	33,856,094
Zakat and income tax provision	12	**4,509,570**	4,420,719
Accruals and other liabilities-current		**44,205,710**	44,158,485
Due to related parties	7	**15,876,625**	4,156,182
Trade payables		**23,399,770**	22,528,586
Total current liabilities		**167,162,707**	124,625,831
Total liabilities		**193,381,652**	150,120,858
Total equity and liabilities		**314,134,683**	241,667,888

The accompanying notes 1 to 20 form an integral part of these interim condensed consolidated financial statements

Chief Financial Officer	**Chief Executive Officer**	**Chairman, Board of Directors**

Saudi AZM for Communication and Information Technology Company
(A Saudi Joint Stock Company)
Interim condensed consolidated statement of comprehensive income
For the three-month and six-month periods ended 31 December 2024

	Note	For the three-month period ended 31 December 2024 (Unaudited) SR	2023 (*) (Unaudited) SR	For the six-month period ended 31 December 2024 (Unaudited) SR	2023 (*) (Unaudited) SR
Revenue	8	**63,951,044**	49,536,620	**124,632,787**	99,846,372
Cost of revenue		**(47,445,471)**	(38,665,607)	**(89,351,044)**	(74,083,658)
Gross profit		**16,505,573**	10,871,013	**35,281,743**	25,762,714
General and administrative expenses		**(9,967,965)**	(5,804,794)	**(17,942,811)**	(10,874,544)
Selling and distribution expenses		**(64,924)**	(505,651)	**(341,950)**	(524,143)
Expected credit losses	8,9	**(300,250)**	1,626,230	**(1,050,218)**	(130,399)
Operating profit		**6,172,434**	6,186,798	**15,946,764**	14,233,628
Share of result from Investment in associates	3	**802,906**	198,956	**1,946,223**	394,346
Finance cost, net		**(616,926)**	(658,707)	**(1,544,940)**	(1,030,837)
Other income, net		**2,257,184**	851,097	**3,645,561**	2,068,938
Profit before zakat and income tax		**8,615,598**	6,578,144	**19,993,608**	15,666,075
Zakat and income tax	12	**(940,299)**	(791,128)	**(1,939,066)**	(1,635,114)
Profit for the period		**7,675,299**	5,787,016	**18,054,542**	14,030,961
Attributable to:					
Equity holders of the Company		**7,238,564**	5,489,081	**17,381,775**	13,414,908
Non-controlling interest		**436,735**	297,935	**672,767**	616,053
		7,675,299	5,787,016	**18,054,542**	14,030,961
Other comprehensive income/(loss)					
Other comprehensive income/(loss) that will not be reclassified to profit or loss in subsequent periods:					
Change in fair value on financial assets at fair value through other comprehensive income		**595,088**	39,918	**358,683**	(192,501)
Remeasurement gain on employees' defined benefit liabilities		**1,984**	(594,768)	**22,736**	848,909
Share of other comprehensive loss from associates		**(9,143)**	-	**(8,846)**	-
Other comprehensive income/(loss) for the period		**587,929**	(554,850)	**372,573**	656,408
Total comprehensive income for the period		**8,263,228**	5,232,166	**18,427,115**	14,687,369
Attributable to:					
Equity holders of the Company		**7,841,149**	4,932,673	**17,764,349**	14,063,366
Non-controlling interest		**422,079**	299,493	**662,766**	624,003
		8,263,228	5,232,166	**18,427,115**	14,687,369
Earnings per share attributable to the equity holders of the Company					
Basic earnings per share	13	**0.12**	0.10	**0.29**	0.23
Diluted earnings per share	13	**0.12**	0.09	**0.29**	0.22

The accompanying notes 1 to 20 form an integral part of these interim condensed consolidated financial statements

*Certain adjustments (reclassifications and other adjustments) have been made to the comparative interim condensed consolidated statement of comprehensive income (note 19).

Chief Financial Officer | **Chief Executive Officer** | **Chairman, Board of Directors**

3

Saudi AZM for Communication and Information Technology Company
(A Saudi Joint Stock Company)
Interim condensed consolidated statement of changes in equity
For the six-month period ended 31 December 2024

	Total equity attributable to the equity holders of the Company							
	Share capital	**Treasury stock**	**Statutory reserve**	**Share based payment reserve**	**Retained earnings**	**Equity attributable to equity holders**	**Non-controlling interest**	**Total equity**
	SR	**SR**	**SR**	**SR**	**SR**	**SR**	**SR**	**SR**
As at 1 July 2023 (Audited)	30,000,000	(7,243,981)	5,923,890	495,250	39,246,185	68,421,344	859,978	69,281,322
Profit for the period	-	-	-	-	13,414,908	13,414,908	616,053	14,030,961
Other comprehensive income for the period	-	-	-	-	648,458	648,458	7,950	656,408
Total comprehensive income for the period	-	-	-	-	14,063,366	14,063,366	624,003	14,687,369
Treasury shares distributed during the period	-	334,017	-	(194,750)	7,947	147,214	-	147,214
As at 31 December 2023 (Unaudited)	30,000,000	(6,909,964)	5,923,890	300,500	53,317,498	82,631,924	1,483,981	84,115,905
As at 1 July 2024 (Audited)	**30,000,000**	**(16,609,332)**	**-**	**954,555**	**74,099,175**	**88,444,398**	**3,102,632**	**91,547,030**
Profit for the period	**-**	**-**	**-**	**-**	**17,381,775**	**17,381,775**	**672,767**	**18,054,542**
Other comprehensive income/(loss) for the Period	**-**	**-**	**-**	**-**	**382,574**	**382,574**	**(10,001)**	**372,573**
Total comprehensive income for the period	**-**	**-**	**-**	**-**	**17,764,349**	**17,764,349**	**662,766**	**18,427,115**
Share based payment reserve (note 11)	**-**	**-**	**-**	**13,742,277**	**-**	**13,742,277**	**-**	**13,742,277**
Treasury shares distributed during the period	**-**	**227,871**	**-**	**(226,250)**	**34,988**	**36,609**	**-**	**36,609**
Transactions with Non-controlling interest	**-**	**-**	**-**	**-**	**-**	**-**	**(3,000,000)**	**(3,000,000)**
As at 31 December 2024 (Unaudited)	**30,000,000**	**(16,381,461)**	**-**	**14,470,582**	**91,898,512**	**119,987,633**	**765,398**	**120,753,031**

The accompanying notes 1 to 20 form an integral part of these interim condensed consolidated financial statements

Chief Financial Officer | **Chief Executive Officer** | **Chairman, Board of Directors**

Saudi AZM for Communication and Information Technology Company
(A Saudi Joint Stock Company)
Interim condensed consolidated statement of cash flows
For the six-month period ended 31 December 2024

	For the six-month period ended 31 December	
	2024 (Unaudited) SR	2023 (*) (Unaudited) SR
Operating activities		
Profit before zakat and income tax	**19,993,608**	15,666,075
Adjustments to reconcile profit before zakat and income tax to net cash flows:		
Depreciation of property and equipment	**610,412**	539,771
Depreciation of right-of-use assets	**1,401,977**	611,310
Amortisation of intangibles	**36,280**	-
Provision for employees' defined benefits liabilities	**2,334,175**	1,455,290
Expected credit losses	**1,050,218**	130,399
Change in fair value of financial assets at fair value through profit or loss	**(1,654,519)**	(328,513)
Share of result from investment in an associate	**(1,946,223)**	(394,346)
Share based payment expenses	**13,234,450**	-
Finance income on assets held at amortised cost	**(910,475)**	(632,327)
Finance cost, net	**1,544,940**	1,030,837
Rental income	**(924,843)**	(924,707)
	34,770,000	17,153,789
Changes in operating assets and liabilities		
Trade receivables	**6,042,784**	(18,159,946)
Contract assets	**47,121,118**	(2,714,410)
Prepayments and other current assets	**(1,222,768)**	(138,164)
Due from/to related parties, net	**11,792,835**	(1,451,753)
Trade payables	**871,183**	4,807,355
Contract liabilities	**37,357,354**	14,716,513
Accruals and other current liabilities	**(2,996,195)**	2,099,712
	133,736,311	16,313,096
Employees' defined benefits liabilities paid	**(569,482)**	(890,419)
Zakat and income tax paid	**(1,850,215)**	(1,125,499)
Finance cost paid	**(705,764)**	(593,080)
Net cash flows generated from operating activities	**130,610,850**	13,704,098
Investing activities		
Additions to property and equipment	**(1,297,841)**	(355,325)
Additions to intangible assets	**(3,727,162)**	(56,325)
Addition to investment in an associate	**(1,700,000)**	-
Proceeds from financial assets held at amortised cost	**520,504**	427,485
Purchase of financial assets held at amortised cost	**(5,000,000)**	(15,000,000)
Purchase of financial assets at fair value through profit or loss	**(129,000,000)**	(23,000,000)
Proceeds from disposal of financial assets at fair value through profit or loss	**23,938,679**	14,040,081
Proceed from investment in finance lease	**336,000**	336,000
Rental income received	**131,665**	704,248
Net cash used in investing activities	**(115,798,155)**	(22,903,836)
Financing activities		
Transactions with Non-controlling interest	**(100,000)**	-
Repayment of long-term loan	**(8,846,228)**	(1,037,414)
Principal element of lease payments	**(724,377)**	(673,283)
Interest element of lease payments	**(401,523)**	(452,617)
Net cash used in financing activities	**(10,072,128)**	(2,163,314)
Net change in cash and cash equivalents	**4,740,567**	(11,363,052)
Cash and cash equivalents at the beginning of the period	**11,957,376**	27,595,279
Cash and cash equivalents at the end of the period	**16,697,943**	16,232,227

Saudi AZM for Communication and Information Technology Company
(A Saudi Joint Stock Company)
Interim condensed consolidated statement of cash flows
For the six-month period ended 31 December 2024

	For the six-month period ended 31 December	
	2024 (Unaudited) SR	2023 (*) (Unaudited) SR
Non-cash transactions:		
Remeasurement gain on employees' defined benefit liabilities	**22,736**	848,909
Additions to investments in associates	**1,112,500**	1,102,000
Transfer from related parties	**(1,112,500)**	-
Modification in right-of-use asset and lease liability	**872,181**	-
Capitalisation to intangible assets	**31,091**	-
Transactions with Non-controlling interest	**(2,900,000)**	

The accompanying notes 1 to 20 form an integral part of these interim condensed consolidated financial statements

*Certain adjustments (reclassifications and other adjustments) have been made to the comparative interim condensed consolidated statement of cash flows (note 19).

Chief Financial Officer	**Chief Executive Officer**	**Chairman, Board of Directors**

1 Activities

Saudi AZM for Communication and Information Technology Company (the "Company") is a Saudi joint stock Company registered in the Kingdom of Saudi Arabia on 11 Rabi Awal 1439H (corresponding to 29 November 2017) under Commercial Registration No. 1010918075. The Company became listed on the parallel market "Nomu" on 1 March 2022.

On 22 Shawwal 1442H (corresponding to 3 June 2021), the shareholders decided to change the legal structure of the Company from a limited liability company to a Saudi closed joint stock company, as well as increasing its share capital to SR 30 million by transferring SR 29.5 million from retained earnings to the share capital.

The Company and its subsidiaries (the "Group") are principally engaged in the designing and programming special software, application development, providing management and control services of communication sale of wire and wireless equipment and devices, design User Experience and customer journey, repair and maintenance of personal and portable computers, providing senior management consulting services and information networks and research and development on technology, user interface and experience design, cybersecurity, rehabilitation and restructuring of administrative financial and operational processes for establishments and systems analysis.

The registered office of the Company is as follows:

7999, King Khalid Road, 2280 West Umm Al Hammam District
Riyadh 12329
Kingdom of Saudi Arabia

2 Basis of preparation and presentation

2.1 Statement of compliance

These interim condensed consolidated financial statements for the six-month period ended 31 December 2024 were prepared in accordance with International Accounting Standard 34, "Interim Financial Reporting" ("IAS 34") as endorsed in the Kingdom of Saudi Arabia and other standards and pronouncements issued by the Saudi Organization for Chartered and Professional Accountants.

These interim condensed consolidated financial statements do not include all the information and disclosures required in the annual consolidated financial statements, and they must be read in conjunction with the Group's last annual consolidated audited financial statements for the year ended 30 June 2024. In addition, the results for the three-months and six-month periods ended 31 December 2024 are not an accurate indication of the results that can be expected for the fiscal year ending 30 June 2025.

2.2 Functional and presentation currency

These interim condensed consolidated financial statements are presented in Saudi Riyals ("SR"), which is the Group's functional currency, and all values are rounded to the nearest one Saudi Riyal, except where otherwise indicated.

2.3 Basis of measurement

These interim condensed consolidated financial statements have been prepared under the historical cost convention, except for the following items in the interim condensed consolidated statement of financial position:

- Financial assets at fair value through profit or loss ("FVPL") are measured at fair value.
- Financial assets at fair value through other comprehensive income ("FVOCI") are measured at fair value.
- Employees' defined benefits liabilities are recognised at the present value of future obligations using the projected unit credit method.

2.4 Judgements, estimates and assumptions

Preparing the interim condensed consolidated financial statements requires management to use certain judgments, estimates and assumptions that affect the application of accounting policies and the amounts presented for assets and liabilities, revenues, and expenses. Actual results may differ from these estimates. The significant judgments taken by management in applying the Group's accounting policies and the main sources of uncertainty estimates are the same as those applied to the annual consolidated financial statements for the year ended 30 June 2024.

2 Basis of preparation and presentation (continued)

2.5 Material accounting policies

The accounting policies applied during the preparation of these interim condensed consolidated financial statements are the same accounting policies applied during the preparation of the annual consolidated financial statements of the Group for the year ended 30 June 2024, unless otherwise stated.

2.6 Impact of new standards

Certain new standards and interpretations have been issued which are effective from 1 July 2024 or later, and have been explained in Group's annual consolidated financial statements, but they do not have a material impact on the Group's interim condensed consolidated financial statements.

2.7 Basis of consolidation

The Group's subsidiaries consolidated in these interim condensed consolidated financial statements are as follows:

Subsidiary name	Country of incorporation	Percentage of ownership 31 December 2024	 31 December 2023
Azm Squads Development	Egypt	**100%**	100%
Azm Tajrubah for Information Technology Company	Saudi Arabia	**75%**	75%
Wasl Platform Company for Communications and Information Technology	Saudi Arabia	**100%**	-

The interim condensed consolidated financial statements comprise the interim condensed financial statements of the Group and its subsidiaries as at 31 December 2024.

Control is achieved when the Group is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee. Specifically, the Group controls an investee if, and only if, the Group has:

- Power over the investee (i.e., existing rights that give it the current ability to direct the relevant activities of the investee);
- Exposure, or rights, to variable returns from its involvement with the investee; and
- The ability to use its power over the investee to affect its returns.

Generally, there is a presumption that a majority of voting rights results in control. To support this presumption and when the Group has less than a majority of the voting or similar rights of an investee, the Group considers all relevant facts and circumstances in assessing whether it has power over an investee, including:

- The contractual arrangement(s) with the other vote holders of the investee;
- Rights arising from other contractual arrangements; and
- The Group's voting rights and potential voting rights.

The Group re-assesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control. Consolidation of a subsidiary begins when the Group obtains control over the subsidiary and ceases when the Group loses control of the subsidiary. Assets, liabilities, income and expenses of a subsidiary acquired or disposed of during the period is included in the interim condensed consolidated financial statements from the date the Group gains control until the date the Group ceases to control the subsidiary.

Income and each component of other comprehensive income (OCI) are attributed to the equity holders of the Company and to the non-controlling interests, even if this results in the non-controlling interests having a deficit balance. Financial statements of subsidiaries are prepared using accounting policies which are consistent with those of the Group. All intra-group assets and liabilities, equity, income, expenses and cash flows relating to transactions between members of the Group are eliminated in full on consolidation.

A change in the ownership interest of a subsidiary, without a loss of control, is accounted for as an equity transaction. If the Group loses control over a subsidiary, it derecognises the related assets (including goodwill), liabilities, non-controlling interests and other components of equity, while any resultant gain or loss is recognised in interim condensed consolidated statement of comprehensive income. Any investment retained is recognised at fair value.

3 Investments in associates

Name	Percentage of ownership 31 December 2024 (Unaudited)	30 June 2024 (Audited)
National Real Estate Platform Company (note 3.1)	**32.68%**	32.68%
Machine Learning Company for Information Technology (note 3.2)	**30%**	-

3.1 National Real Estate Platform Company is a limited liability company. The Company is engaged in real estate activities, consultancy, advisory services, computer programming, data processing and web related activities.

3.2 Machine Learning Company for Information Technology is a limited liability company. The Company is engaged in computer programming, computer consulting and facilities management activities.

The movement of investments in associates during the period/year is as follows:

	31 December 2024 (Unaudited) SR	30 June 2024 (Audited) SR
At the beginning of the period/year	**5,438,097**	2,316,164
Additions during the period/year*	**2,812,500**	1,102,000
Share of results from investment in associates	**1,946,223**	2,019,933
Share of other comprehensive loss	**(8,846)**	-
At the end of the period/year	**10,187,974**	5,438,097

* During the current period, the Group acquired 30% stakes in Machine Learning Company for Information Technology amounting to SR 2.8 million, out of which the Group has paid SR 1.7 million in cash and the remaining amount of SR 1.1 million has been included in due to related party. During the year ended 30 June 2024, the Group transferred SR 1.1 million from "due from related party - National Real Estate Platform Company" for which the settlement of this balance is neither planned nor likely to occur in the foreseeable future.

4 Financial assets at fair value through other comprehensive income

Unquoted investments	Country	Percentage of ownership 31 December 2024	30 June 2024	31 December 2024 (Unaudited) SR	30 June 2024 (Audited) SR
SITECH Inc.	Cayman Islands	**3.28%**	3.28%	**1,468,159**	916,822
US & Global Tech Opportunities Holding Company	Bahrain	**0.74%**	0.74%	**328,020**	520,674
				1,796,179	1,437,496

The movement in the financial assets at fair value through other comprehensive income during the period/year is as follows:

	31 December 2024 (Unaudited) SR	30 June 2024 (Audited) SR
At the beginning of the period/year	**1,437,496**	1,770,881
Change in fair value	**358,683**	(333,385)
At the end of the period/year	**1,796,179**	1,437,496

5 Financial assets held at amortised cost

	31 December 2024 (Unaudited) SR	30 June 2024 (Audited) SR
Investment in Sukuk- quoted (note 5.1)	**26,423,230**	26,127,687
Investment in Sukuk- unquoted (note 5.1)	**10,151,729**	5,057,301
	36,574,959	31,184,988
Total current	**(18,205,769)**	-
Total non-current	**18,369,190**	31,184,988

5.1 During the current period, the Group invested SR 5 million in unquoted sukuk. Additionally, during the year ended 30 June 2024, the Group made further investments totaling SR 5.7 million in both quoted and unquoted sukuk. These sukuk carry profit rates ranging from 4.8% to 8.5% per annum, with maturity dates extending up to 2029.

6 Financial assets at fair value through profit or loss

The movement of financial assets at fair value through profit or loss during the period/year is as follows:

	31 December 2024 (Unaudited) SR	30 June 2024 (Audited) SR
At the beginning of the period/year	**26,001,999**	25,019,473
Additions during the period/year*	**129,000,000**	40,000,000
Disposals during the period/year **	**(23,938,679)**	(40,142,349)
Change in fair value	**1,654,519**	1,124,875
At the end of the period/year	**132,717,839**	26,001,999

* During the current period, the Group invested an amount of SR 129 million (30 June 2024: SR 40 million) in Mutual Funds through a local brokerage Company in Saudi Arabia. The intention of the Group is to take advantage of the upside movement in price, efficiently manage the short-term excess liquidity and record any gain or loss in the fair value to profit or loss account.

** During the current period, the Group sold financial assets at fair value through profit or loss amounting to SR 24 million (30 June 2024: SR 40 million). The realised gain during the current period amounted to SR 61,320 (30 June 2024: SR 265,540) which has been classified in other income.

7 Related party transactions and balances

Related parties comprise of shareholders, associated companies, key management personnel, directors and businesses which are controlled directly or indirectly or influenced by the directors or key management personnel. In the normal course of business, the Group has various transactions with its related parties. Transactions are entered into with the related parties on terms and conditions approved by either the Group's management or its Board of Directors.

Related party:	**Nature of relationship:**
Saudi AZM Holding Company	Affiliate
AZM Financial Technology Company	Affiliate
Azm Digital Company for Communication and Information Technology	Affiliate
Azm Development Private Limited	Affiliate
Future Communications for Telecommunication and Information Technology	Affiliate
National Real Estate Platform Company	Associate
Machine Learning Company for Information Technology	Associate

- Affiliate is an entity that has common shareholding and/or common management with the Group or entities that are significantly influenced or controlled by affiliates

7 Related party transactions and balances (continued)

Related party	Nature of material Transactions	For the three-month period ended 31 December 2024 (Unaudited) SR	2023 (Unaudited) SR	For the six-month period ended 31 December 2024 (Unaudited) SR	2023 (Unaudited) SR
AZM Financial Technology Company	Revenue/income from affiliate	**869,015**	801,308	**2,915,667**	1,530,837
	Expenses paid/incurred by affiliate on behalf of the Company*	**8,320,626**	5,617,183	**29,893,999**	10,498,598
	Expenses paid/incurred by the Company on behalf of affiliate	**1,796,217**	1,401,218	**1,971,292**	1,620,685
Azm Digital Company for Communication and Information Technology	Revenue from affiliate	**138,736**	121,397	**267,910**	194,528
	Expenses paid/incurred by affiliate on behalf of the Company	**11,413,390**	826,716	**24,391,611**	1,592,642
	Expenses paid/incurred by the Company on behalf of affiliate	**354,091**	3,546,077	**672,549**	3,546,077
National Real Estate Platform Company	Transfer to investment (note 3)	**-**	-	**233,256**	1,102,000
	Expenses paid/incurred by the Company on behalf of associate	**101,887**	326,132		525,528
Machine Learning Company for Information Technology	Investment in associate (note 3)	**-**	-	**2,812,500**	-
	Expenses paid/incurred by associate on behalf of the Company*	**426,413**	-	**1,482,385**	-
	Expenses paid/incurred by the Company on behalf of associate	**208,645**	-	**248,114**	-
Azm Development Private Limited	Expenses paid/incurred by affiliate on behalf of the Company	**-**	374,579	**-**	374,579
	Expenses paid/incurred by the Company on behalf of affiliate	**-**	756,797	**-**	756,797
Future Communication for Telecommunication and Information Technology	Expenses paid/incurred by the Company on behalf of affiliate	**32,492**	152,195	**47,933**	296,878

*This amount includes billing issued by an affiliate/associate where it acts as a subcontractor to the Group.

Transactions with related parties are conducted on terms that would be available to third parties in the normal course of business.

7 Related party transactions and balances (continued)

Related parties' balances for the period / year ended were as follows:

	31 December 2024 (Unaudited) SR	30 June 2024 (Audited) SR
Due from related parties:		
National Real Estate Platform Company	**115,813**	127,034
	115,813	127,034
Due to related parties:		
AZM Financial Technology Company	**12,308,508**	2,342,697
Machine Learning Company for Information Technology	**1,140,025**	-
Azm Digital Company for Communication and Information Technology	**2,428,092**	1,813,485
	15,876,625	4,156,182

Key management personnel of the Group comprise of key members of the management having authority and responsibility for planning, directing and controlling the activities of the Group.

Key management personnel compensation comprised the following:

	For the three-month period ended 31 December		For the six-month period ended 31 December	
	2024 (Unaudited) SR	2023 (Unaudited) SR	2024 (Unaudited) SR	2023 (Unaudited) SR
Short-term employee benefits	**929,513**	533,729	**1,934,026**	1,107,425
End of service benefits	**75,331**	127,164	**144,624**	182,628
Board of Directors' remunerations	**354,000**	229,500	**354,000**	229,500
	1,358,844	890,393	**2,432,650**	1,519,553

8 Revenue, contract assets and liabilities

The contract assets primarily relate to the Group's rights to consideration for work completed but not billed at the reporting date. The contract assets are transferred to receivables when the rights become unconditional. This usually occurs when the Group issues an invoice to the customer.

	31 December 2024 (Unaudited) SR	30 June 2024 (Audited) SR
Revenue for the period/year	**124,632,787**	217,638,378
Billing issued during the period/year	**(159,791,548)**	(168,318,668)
Contract liabilities, comprising advance contract billings	**71,213,448**	33,856,094
Contract assets, gross	**36,054,687**	83,175,804

The movement in the provision for expected credit losses of contract assets during the period/year is as follow:

Contract assets		
Contract assets, gross	**36,054,687**	83,175,804
Less: provision for expected credit loss	**(267,879)**	(481,745)
Contract assets, net	35,786,808	82,694,059

8 Revenue, contract assets and liabilities (continued)

The movement in the provision for expected credit losses of contract assets during the period/year is as follow:

	31 December 2024 (Unaudited) SR	30 June 2024 (Audited) SR
At the beginning of the period/year	**481,745**	415,071
Provision (reversed)/charged for expected credit losses	**(213,866)**	66,674
At the end of the period/year	**267,879**	481,745

Below is the disaggregation of the Group's revenue from contracts with customers:

	For the three-month period ended 31 December		**For the six-month period ended 31 December**	
	2024 (Unaudited) SR	2023 (Unaudited) SR	**2024 (Unaudited) SR**	2023 (Unaudited) SR
Major product / Service line				
Enterprise services	**34,897,863**	18,672,281	**70,877,415**	44,240,857
Proprietary technologies	**10,799,984**	20,388,544	**23,443,967**	34,071,284
Advisory	**13,487,027**	2,551,720	**17,185,616**	10,232,466
Platforms for third parties	**4,766,170**	7,924,075	**13,125,789**	11,301,765
	63,951,044	49,536,620	**124,632,787**	99,846,372
Type of customers				
Government customers	**39,234,273**	21,669,380	**70,427,355**	52,883,972
Semi-government customers	**9,645,504**	16,564,374	**21,880,492**	21,980,556
Private customers	**15,071,267**	11,302,866	**32,324,940**	24,981,844
	63,951,044	49,536,620	**124,632,787**	99,846,372
Timing of revenue recognition				
Goods or services transferred to customers:				
- Over time	**57,697,142**	48,232,170	**114,170,324**	96,506,326
- In time	**6,253,902**	1,304,450	**10,462,463**	3,340,046
	63,951,044	49,536,620	**124,632,787**	99,846,372

9 Trade receivables

	31 December 2024 (Unaudited) SR	30 June 2024 (Audited) SR
Trade receivables	**30,898,071**	36,940,856
Less: provision for expected credit losses	**(3,782,282)**	(2,518,198)
	27,115,789	34,422,658

Trade receivables comprise of interest free net receivables due from customers with no credit rating. Unimpaired trade receivables are expected, on the basis of past experience, to be fully recoverable. It is not the practice of the Group to obtain collateral over receivables and vast majority are, therefore, unsecured.

The movement in the provision for expected credit losses of trade receivables during the period/year is as follows:

	31 December 2024 (Unaudited) SR	30 June 2024 (Audited) SR
At the beginning of the period/year	**2,518,198**	1,666,625
Provision charged for expected credit losses	**1,264,084**	851,573
At the end of the period/year	**3,782,282**	2,518,198

10 Share capital

The share capital of the Group amounted to SR 30 million (30 June 2024: SR 30 million) divided into authorised and fully paid 60 million shares (30 June 2024: 60 million shares) of SR 0.5 each share (30 June 2024: SR 0.5 each share).

11 Share based payment reserve

During the current period, the Group opted to settle certain employee performance benefits in the form of shares instead of cash, aligning with its strategy to incentivize employees, enhance retention, and align their interests with the long-term goals of shareholders. Consequently, the related provision was reversed, and a corresponding share-based payment reserve was recognized in equity, reflecting the transition to equity-settled share-based payments.

12 Zakat and income tax

Charge for the period

Zakat and income tax charge for the period consists of the following:

	For the three-month period ended 31 December		For the six-month period ended 31 December	
	2024 (Unaudited) SR	2023 (Unaudited) SR	**2024 (Unaudited) SR**	2023 (Unaudited) SR
Zakat charged during the period	**920,038**	713,612	**1,918,805**	1,483,187
Income tax charged during the period	**20,261**	77,516	**20,261**	151,927
	940,299	791,128	**1,939,066**	1,635,114

The major components of the zakat base are as follow:

	31 December 2024 (Unaudited) SR	30 June 2024 (Audited) SR
Equity	**102,102,450**	63,516,560
Opening provisions and other adjustments	**78,587,258**	17,967,003
Book value of long-term assets	**(64,008,364)**	(57,246,514)
	116,681,344	24,237,049
Adjusted profit for the period/year	**25,050,265**	43,317,917
Zakat base	**141,731,609**	67,554,966

The differences between the financial and the zakat results are mainly due to provisions which are not allowed in the calculation of zakat income.

The movement in provision for zakat and income tax during the period/year is as follows:

	31 December 2024 (Unaudited) SR	30 June 2024 (Audited) SR
At the beginning of the period/year	**4,420,719**	2,486,702
Charge during the period/year	**1,939,066**	3,059,516
Paid during the period/year	**(1,850,215)**	(1,125,499)
At the end of the period/year	**4,509,570**	4,420,719

Status of zakat and income tax assessments

The Group filed its zakat and income tax return to the Zakat, Tax and Customs Authority ("ZATCA") up to the financial year ended 30 June 2024 and is still awaiting final zakat assessments.

13 Earnings per share

Basic earnings per share is calculated by dividing the income attributable to equity holders of the Company by the weighted average number of ordinary shares in issue during the period.

Diluted earnings per share is calculated by dividing the profit for the period by the adjusted weighted average number of ordinary shares outstanding during the period, to assume conversion of all dilutive potential shares into ordinary shares.

	For the three-month period ended 31 December		**For the six-month period ended 31 December**	
	2024 (Unaudited) SR	2023 (Unaudited) SR	**2024 (Unaudited) SR**	2023 (Unaudited) SR
Profit attributable to equity holders of the Company	**7,238,564**	5,489,081	**17,381,775**	13,414,908

The weighted average number of shares used as the denominator are as follows:

	For the three-month period ended 31 December		**For the six-month period ended 31 December**	
	2024 (Unaudited)	2023 (Unaudited)	**2024 (Unaudited)**	2023 (Unaudited)
Weighted average number of ordinary shares used in calculating basic earnings per share	**58,749,342**	59,268,428	**58,745,977**	59,262,497
Adjustment for treasury shares	**1,250,658**	731,572	**1,254,023**	737,503
Weighted average number of ordinary shares used in calculating diluted earnings per share	**60,000,000**	60,000,000	**60,000,000**	60,000,000
Earnings per share (SR)				
Basic earnings per share	**0.12**	0.10	**0.29**	0.23
Diluted earnings per share	**0.12**	0.09	**0.29**	0.22

14 Financial assets and financial liabilities

Set out below is a summary of financial assets, other than cash and cash equivalents, held by the Group as at 31 December 2024 and 30 June 2024:

	31 December 2024 (Unaudited) SR	30 June 2024 (Audited) SR
Financial assets at amortised cost		
Financial assets held at amortised cost	**36,574,959**	31,184,988
Trade receivables	**27,115,789**	34,422,658
Contract assets	**35,786,808**	82,694,059
Due from related parties	**115,813**	127,034
Other current assets	**11,349,485**	11,349,388
Financial assets measured at fair value		
Financial assets at fair value through other comprehensive income	**1,796,179**	1,437,496
Financial assets at fair value through profit and loss	**132,717,839**	26,001,999
Total financial assets	**245,456,872**	187,217,622
Total current	**(225,291,504)**	(154,595,138)
Total non-current	**20,165,368**	32,622,484

14 Financial assets and financial liabilities (continued)

Below is a summary of financial liabilities held by the Group as at 31 December 2024 and 30 June 2024:

	31 December 2024 (Unaudited) SR	30 June 2024 (Audited) SR
Financial liabilities at amortised cost		
Current portion of long-term loan	**2,505,284**	6,094,626
Shor-term loan	**-**	5,084,739
Trade payables	**23,399,770**	22,528,586
Due to related parties	**15,876,625**	4,156,182
Total financial liabilities	**41,781,679**	37,864,133
Total current	**(41,781,679)**	(37,864,133)
Total non-current	**-**	-

The fair values of the financial assets and liabilities of the Group at the reporting date are not materially different from their carrying values as at 31 December 2024 and 30 June 2024.

15 Fair value hierarchy

The following table provides the fair value measurement hierarchy of the Group's financial assets as at 31 December 2024 and 30 June 2024:

	Total SR	**Quoted prices in active markets (Level 1) SR**	**Significant unobservable inputs (Level 3) SR**
As at 31 December 2024 (Unaudited)			
Financial assets measured at fair value			
Financial assets at fair value through other comprehensive income	**1,796,179**	**-**	**1,796,179**
Financial assets at fair value through profit and loss	**132,717,839**	**132,717,839**	**-**
As at 30 June 2024 (Audited)			
Financial assets measured at fair value			
Financial assets at fair value through other comprehensive income	1,437,496	-	1,437,496
Financial assets at fair value through profit and loss	26,001,999	26,001,999	-

There were no transfers between levels during the period/year ended 31 December 2024 and 30 June 2024.

The fair values of the financial assets and liabilities measured at amortised cost of the Group at the reporting date are not materially different from their carrying values as at 31 December 2024 and 30 June 2024.

All financial instruments for which fair value is recognised or disclosed are categorised within the fair value hierarchy, based on the lowest level input that is significant to the fair value measurement as a whole, as follows:

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.

16 Contingencies

The Group has contingencies for the following bank guarantees:

	31 December 2024 (Unaudited) SR	30 June 2024 (Audited) SR
Letter of guarantees	**32,212,782**	40,573,435

17 Segment information

Operating segments are components that engage in business activities that may earn revenues or incur expenses, whose operating results are regularly reviewed by the chief operating decision maker ("CODM") and for which discrete financial information is available. The CODM is the person or group of persons who allocates resources and assesses the performance for the entity. The CODM has been identified as the Board of Directors of the Group through the executive management, which includes Chief Executive Officer and Chief Financial Officer.

With respect to the allocation of resources and assessment of performance of the Group, the CODM considers the entire business as one function. The major products/service lines offered by the Group are disclosed under note 8. Furthermore, the Group's operations are conducted in the Kingdom of Saudi Arabia.

18 Subsequent events

In the opinion of management, there have been no significant subsequent events since 31 December 2024 that would have a material impact on the interim condensed consolidated financial position or financial performance of the Group.

19 Adjustments to comparative figures

During the year, the Group identified that certain line items in the interim condensed consolidated financial statements were not in accordance with IAS 1 "Presentation of Financial Statements" and IAS 7 "Statement of Cash Flows". The Group has also re-evaluated the accounting treatment of a contract under IFRS 15 "Revenue from Contracts with Customers". This resulted in adjustments to certain line items in the comparative information relating to the three-month and six-month periods ended 31 December 2023.

19.1 Impact of adjustments on the statement of comprehensive income for the three-month and six-month periods ended 31 December 2023

Adjustment 1
In accordance with IFRS 15, when the Group performs agency-related activities under a contract, the Group only recognises net commission income. During the current period, the Group has re-evaluated its arrangement with clients and concluded that in one of the contracts, the Group is acting as an agent. As a result, revenue and cost of revenue were overstated by SR 3,827,783 and SR 7,570,769 for the three-month and six-month periods ended 31 December 2023, respectively. Accordingly, the management has corrected such amounts in the interim condensed consolidated statement of comprehensive income.

Adjustment 2
As per IAS 1 paragraph 82, expected credit losses determined in accordance with section 5.5 of IFRS 9 "expected credit losses" should be presented on the face of the consolidated statement of comprehensive income. However, the reversal/(charge) of expected credit losses for the three-month and six-month periods ended 31 December 2023 amounting to SR 1,626,230 and SR 130,399, respectively, were presented as part of selling and distribution expenses. Accordingly, the management has adjusted this amount in the interim condensed consolidated statement of comprehensive income.

19 Adjustments to comparative figures (continued)

19.1 Impact of adjustments on the statement of comprehensive income for the three-month and six-month periods ended 31 December 2023 (continued)

	For the three-month period ended 31 December 2023				For the six-month period ended 31 December 2023			
	As issued	Adjustment 1	Adjustment 2	Adjusted	As issued	Adjustment 1	Adjustment 2	Adjusted
	SR	SR	SR	SR	SR	SR	SR	SR
Revenue	53,364,403	(3,827,783)	-	49,536,620	107,417,141	(7,570,769)	-	99,846,372
Cost of revenue	(42,493,390)	3,827,783	-	(38,665,607)	(81,654,427)	7,570,769	-	(74,083,658)
Gross profit	**10,871,013**	**-**	**-**	**10,871,013**	**25,762,714**	**-**	**-**	**25,762,714**
General and administrative expenses	(5,804,794)			(5,804,794)	(10,874,544)	-	-	(10,874,544)
Selling and distribution expenses	1,120,579		(1,626,230)	(505,651)	(654,542)		130,399	(524,143)
Reversal/(charge) of expected credit losses	-		1,626,230	1,626,230	-	-	(130,399)	(130,399)
Operating profit	**6,186,798**	**-**	**-**	**6,186,798**	**14,233,628**	**-**	**-**	**14,233,628**

19.2 Impact of adjustments on the statement of cash flows for the six-month period 31 December 2023

Adjustment 1
In prior period, proceeds from disposals of financial assets at fair value through profit or loss were grossed-up with realised gain in the interim condensed consolidated statement of cash flows for the six-month period ended 31 December 2023, resulting in overstating those accounts by SR 367,808. Management has corrected the comparative amounts during the current period.

Adjustment 2
In accordance with IAS 7, rental income received from short-term leases should be disclosed in the consolidated statement of cash flows under investing activities, however, in prior period, rental income amounting to SR 924,707 was disclosed under operating activities as part of profit before zakat and income tax. Management has corrected comparative amounts during the current period.

19 Adjustments to comparative figures (continued)

19.2 Impact of adjustments on the statement of cash flows for the six-month period 31 December 2023 (continued)

	As issued	Adjustment 1	Adjustment 2	Adjusted
	SR	SR	SR	SR
Operating activities				
Profit before zakat and income tax	15,666,075	-	-	15,666,075
Adjustments to reconcile profit before zakat and income tax to net cash flows:				
Change in fair value of financial assets at fair value through profit or loss	(696,321)	367,808	-	(328,513)
Rental income	-	-	(924,707)	(924,707)
	17,710,688	**367,808**	**(924,707)**	**17,153,789**
Changes in operating assets and liabilities				
Trade receivables	(18,380,405)	-	220,459	(18,159,946)
Net cash flows generated from operating activities	**14,040,538**	**367,808**	**(704,248)**	**13,704,098**
Investing activities				
Proceeds from disposal of financial assets at fair value through profit or loss	14,407,889	(367,808)	-	14,040,081
Rental income received	-	-	704,248	704,248
Net cash flows used in investing activities	**(23,240,276)**	**(367,808)**	**704,248**	**(22,903,836)**
Financing activities				
Net cash flows used in financing activities	**(2,163,314)**	-	-	**(2,163,314)**
Net change in cash and cash equivalents	**(11,363,052)**	-	-	**(11,363,052)**
Cash and cash equivalents at the beginning of the year	27,595,279	-	-	27,595,279
Cash and cash equivalents at the end of the year	**16,232,227**	-	-	**16,232,227**

There was no impact on the consolidated statement of financial position as at 30 June 2024 and the interim condensed consolidated statement of changes in equity for the six-month period ended 31 December 2023 as a result of the above adjustments.

20 Approval of the interim condensed consolidated financial statements

The interim condensed consolidated financial statements have been approved by the Board of Directors, on 30 Rajab 1446H (corresponding to 30 January 2025)

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