TAM DEVELOPMENT COMPANY
(A Saudi Joint Stock Company)
CONSOLIDATED FINANCIAL STATEMENTS AND INDEPENDENT AUDITOR'S REPORT
For the year ended 31 December 2024

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(A Saudi Joint Stock Company)
CONSOLIDATED FINANCIAL STATEMENT AND INDEPENDENT AUDITOR'S REPORT
For the year ended 31 December 2024

Index	**Page**

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

Headquarters in Riyadh

شركة كي بي إم جي للاستشارات المهنية مساهمة مهنية
واجهة روشن، طريق المطار
صندوق بريد ٩٢٨٧٦
الرياض ١١٦٦٣
المملكة العربية السعودية
سجل تجاري رقم ١٠١٠٤٢٥٤٩٤

المركز الرئيسي في الرياض

Independent Auditor's Report

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

Opinion

We have audited the consolidated financial statements of **TAM Development Company ("the Company") and its subsidiary** ("the Group"), which comprise the consolidated statement of financial position as at 31 December 2024, the consolidated statements of profit or loss and other comprehensive income, changes in shareholders equity and cash flows for the year then ended, and notes to the consolidated financial statements, comprising material accounting policies and other explanatory information.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Group as at 31 December 2024, its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with International Financial Reporting Standards as issued by the International Accounting Standards Board that are endorsed in the Kingdom of Saudi Arabia and other standards and pronouncements issued by the Saudi Organization for Chartered and Professional Accountants (SOCPA).

Basis for Opinion

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

Key audit matter

Key audit matter is this matter that, in our professional judgement, was of most significance in our audit of the consolidated financial statements of the current period. This matter was addressed in the context of our audit of the consolidated financial statements as a whole and in forming our opinion thereon, and we do not provide a separate opinion on this matter.

Independent Auditor's Report

Key audit matter (continued)

Revenue recognition

Refer Note (3-w) for the material accounting policies related to revenue from contracts with customers and Note (22) related to revenues disclosure.

Key audit matter	How the matter was addressed in our audit
The Group revenue amounted to SR 273,353,008 for the year ended at 31 December 2024 Revenue recognized over time from Consulting and Project Management Services and Digital Solutions under input method contains the risk of revenue not being properly assessed, not accurately recorded or not having occurred. We have determined revenue recognition to be a key audit matter considering materiality of amounts involved, volume of transactions and judgments needed to measure the stage of completion, which could significantly impact the consolidated financial statements.	The audit procedures we performed, among others, based on our judgment, included the following: • Evaluated the design and implementation of relevant key controls related to revenue recognition including anti-fraud control procedures. • Tested, the revenue transactions recognized over time by obtaining the breakup of costs incurred and inspecting their supporting documents for stage of completion. • Performed a recalculation of the revenue recognized according to the input method by using cost incurred as a percentage of total estimated cost and using the percentage as a weightage, and, on a sample basis, assessing whether the revenue is recorded in the correct periods by testing subsequent receipts. • Evaluated management's assessment related to identification of performance obligations in line with the terms and conditions of contracts with customers; • Tested the transaction price to the underlying contracts as executed with customers; • Evaluated management assessment to allocate transaction price that is allocated to identified performance obligations; • Conducted a retroactive review of closed projects during the year to assess the accuracy of estimated costs compared to actual costs and contract values, to determine whether the initially estimated costs were reasonable in light of the actual costs incurred during the project. We then determined a threshold amount to justify any differences above it and verify the effectiveness of management's estimations. • Assessed the adequacy of relevant disclosures in the consolidated financial statements by reviewing the underlying schedules and ensured completeness and accuracy of the data.

Other Information

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

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

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

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

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

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

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

Those charged with governance, the Board of Directors, 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 aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with International Standards on Auditing that are endorsed in the Kingdom of Saudi Arabia, we exercise professional judgement and maintain professional skepticism throughout the audit. We also:

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

Independent Auditor's Report

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

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

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, then we are required to draw attention in our auditor report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Plan and perform the group audit to obtain sufficient appropriate audit evidence regarding the financial information of the entities or business units within the group as a basis for forming an opinion on the group financial statements. We are responsible for the direction, supervision and review of the audit work performed for purposes 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 of **TAM Development Company ("the Company") and its subsidiary ("the Group").**

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence and communicate with them all relationships and other matters that may reasonably be thought to bear on our independence and where applicable, actions 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 auditors' report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

KPMG Professional Services Company

كي بي إم جي للإستشارات المهنية
ترخيص رقم ٤٦
س.ت ١٠١٠٤٢٥٤٩٤
Lic No. 46
C.R. 1010425494
R : 2
KPMG
KPMG Professional Services

Hani Bin Hamzah Bin Ahmed Bedairi
License No.: 460

Riyadh, 26 March 2025
Corresponding to: 26 Ramadan 1446H

TAM DEVELOPMENT COMPANY
(A Saudi Joint Stock Company)
CONSOLIDATED STATEMENT OF FINANCIAL POSITION
As at 31 December 2024
(Saudi Riyal)

	Notes	**31 December 2024**	31 December 2023
ASSETS			
Non-current assets			
Property, plant and equipment	4	**3,332,790**	1,602,417
Intangible assets	5	**12,156,592**	9,925,260
Right-of-use assets	6-1	**14,394,101**	496,964
Bank deposit	7	**-**	5,000,000
Total non-current assets		**29,883,483**	17,024,641
Current assets			
Trade receivables	8	**118,586,031**	66,914,511
Prepayments and other current assets	9	**6,773,674**	11,314,189
Contract assets	10	**27,993,739**	41,156,844
Bank deposit	7	**5,000,000**	6,000,000
Cash and cash equivalents	11	**41,148,788**	46,367,331
Total current assets		**199,502,232**	171,752,875
Total assets		**229,385,715**	188,777,516
SHAREHOLDERS EQUITY AND LIABILITIES			
Shareholders' Equity			
Share capital	12	**36,599,970**	36,599,970
Statutory reserve	15	**-**	6,320,238
Treasury shares	13	**(3,659,970)**	(3,659,970)
Other reserve	15	**-**	3,078,000
Additional shareholders contribution		**3,905,218**	3,905,218
Retained earnings		**99,880,391**	63,515,670
Total shareholders' equity		**136,725,609**	109,759,126
Liabilities			
Non-current liabilities			
Employees' benefits obligations	16	**5,635,015**	5,423,128
Long term loan	20	**5,028,735**	-
Lease liabilities	6-2	**11,548,467**	-
Total non-current liabilities		**22,212,217**	5,423,128
Current liabilities			
Trade payables and other current liabilities	17	**53,067,250**	29,925,882
Contract liabilities	18	**11,285,559**	40,213,322
Lease labilities – current portion	6-2	**2,677,847**	-
Zakat provision	21	**3,417,233**	3,456,058
Total current liabilities		**70,447,889**	73,595,262
Total liabilities		**92,660,106**	79,018,390
Total shareholders' equity and liabilities		**229,385,715**	188,777,516

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

Abid Rehmat Rehmatullah Sheikh Chief Fiancial Officer	Abdullah bin Anwar bin Mohammad Yousef Andijani Managing Director – Chief Excutive Officer

TAM DEVELOPMENT COMPANY
(A Saudi Joint Stock Company)
CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
For the year ended 31 December 2024
(Saudi Riyal)

	Notes	**31 December 2024**	31 December 2023
Revenue	22	**273,353,008**	188,403,128
Cost of revenue	23	**(179,615,555)**	(98,641,100)
Gross profit		**93,737,453**	89,762,028
General and administrative expenses	24	**(60,298,836)**	(43,495,474)
Impairment loss of trade receivables	8	**(624,491)**	(371,183)
Impairment loss of other current assets	9	**(187,925)**	(375,750)
Impairment reversal / (loss) of contract assets	10	**818,465**	(2,214,677)
Other income		**256,341**	833,577
Operating profit		**33,701,007**	44,138,521
Finance income	7 & 11	**907,833**	503,466
Finance costs	25	**(1,717,279)**	(549,868)
Net profit for the year before Zakat		**32,891,561**	44,092,119
Zakat	21	**(2,754,479)**	(3,490,158)
Net profit for the year		**30,137,082**	40,601,961
Other comprehensive income			
Item that will not be reclassified to profit or loss			
Actuarial gains from re-measurement of employees' end of service benefits	16	**881,021**	90,793
Total other comprehensive income		**881,021**	90,793
Total comprehensive income		**31,018,103**	40,692,754
Earnings per share:			
Basic and diluted earnings per share	27	**9.15**	12.33

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

Abid Rehmat
Rehmatullah Sheikh
Chief Fiancial Officer

Abdullah bin Anwar
bin Mohammad Yousef Andijani
Managing Director – Chief Excutive Officer

TAM DEVELOPMENT COMPANY
(A Saudi Joint Stock Company)
CONSOLIDATED STATEMENT OF CHANGES IN SHAREHOLDERS EQUITY
For the year ended 31 December 2024
(Saudi Riyal)

	Share capital	Statutory reserve	Treasury shares	Other reserve	Additional shareholders contribution	Retained earnings	Total equity
Balance as at 1 January 2024	**36,599,970**	**6,320,238**	**(3,659,970)**	**3,078,000**	**3,905,218**	**63,515,670**	**109,759,126**
Net profit for the year	-	-	-	-	-	**30,137,082**	**30,137,082**
Other comprehensive income for the year	-	-	-	-	-	**881,021**	**881,021**
Total comprehensive income for the year	-	-	-	-	-	**31,018,103**	**31,018,103**
Dividends (Note 14)	-	-	-	-	-	**(4,051,620)**	**(4,051,620)**
Transferred from statutory reserve to retained earnings (Note 15)	-	**(6,320,238)**	-	-	-	**6,320,238**	-
Transferred from other reserve to retained earnings (Note15)	-	-	-	**(3,078,000)**	-	**3,078,000**	-
Balance as at 31 December 2024	**36,599,970**	-	**(3,659,970)**	-	**3,905,218**	**99,880,391**	**136,725,609**
Balance as at 1 January 2023	36,599,970	6,320,238	(3,659,970)	3,078,000	3,659,970	25,622,816	71,621,024
Net profit for the year	-	-	-	-	-	40,601,961	40,601,961
Other comprehensive income for the year	-	-	-	-	-	90,793	90,793
Total comprehensive income for the year	-	-	-	-	-	40,692,754	40,692,754
Dividends (Note 14)	-	-	-	-	-	(2,799,900)	(2,799,900)
Additional shareholders contribution	-	-	-	-	245,248	-	245,248
Balance as at 31 December 2023	36,599,970	6,320,238	(3,659,970)	3,078,000	3,905,218	63,515,670	109,759,126

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

Abid Rehmat
Rehmatullah Sheikh
Chief Fiancial Officer

Abdullah bin Anwar
bin Mohammad Yousef Andijani
Managing Director – Chief Excutive Officer

TAM DEVELOPMENT COMPANY
(A Saudi Joint Stock Company)
CONSOLIDATED STATEMENT OF CASH FLOWS
For the year ended 31 December 2024
(Saudi Riyal)

	Notes	31 December 2024	31 December 2023
Cash flows from operating activities			
Net profit for the year before Zakat		**32,891,561**	44,092,119
Adjustments to reconcile net profit for the year to cash flows generated from operating activities:			
Depreciation of property and equipment	4	**805,198**	1,122,060
Amortization of intangible assets	5	**2,793,035**	2,308,482
Impairment loss of trade receivables	8	**624,491**	371,183
Impairment loss of other current assets	9	**187,925**	375,750
Impairment (reversal) / loss of contract assets	10	**(818,465)**	2,214,677
Employees' benefits obligations	16	**1,793,344**	1,640,576
Depreciation on right-of-use assets	6-1	**2,866,892**	876,050
Finance cost		**1,197,042**	287,098
Finance income	7 & 11	**(907,833)**	(503,466)
		41,433,190	52,784,529
Change in operating assets and liabilities:			
Trade receivables		**(52,296,011)**	(50,334,487)
Other current assets		**4,381,748**	2,718,740
Contract assets		**13,981,570**	(16,170,038)
Trade payables and other current liabilities		**23,141,368**	3,977,535
Contract liabilities		**(28,927,763)**	15,640,137
Employees' benefits paid	16	**(915,593)**	(557,317)
Zakat paid	21	**(2,793,304)**	(2,125,758)
Net cash flows (used in)/ generated from operating activities		**(1,994,795)**	5,933,341
Cash flows from investing activities			
Additions to property, plant and equipment	4	**(2,535,571)**	(1,023,563)
Additions of development cost in intangible assets	5	**(5,024,367)**	(7,960,401)
Bank deposits		**6,000,000**	(6,000,000)
Finance income received		**878,675**	384,616
Net cash flows used in investing activities		**(681,263)**	(14,599,348)
Cash flows from financing activities			
Payments of credit facilities		**-**	(2,848,643)
Additional shareholders contribution		**-**	245,248
Dividends paid	14	**(4,051,620)**	(2,799,430)
Long term loan obtained	20	**5,028,735**	-
Payment of lease liabilities	6-2	**(3,519,600)**	(951,682)
Net cash flows used in financing activities		**(2,542,485)**	(6,354,507)
Net change in cash and cash equivalents		**(5,218,543)**	(15,020,514)
Cash and cash equivalents at the beginning of the year		**46,367,331**	61,387,845
Cash and cash equivalents at the end of the year		**41,148,788**	46,367,331
Non-cash transactions			
Transferred from statutory reserve to retained earnings		**6,320,238**	-
Transferred from other reserve to retained earnings		**3,078,000**	-
Actuarial gains from re-measurement of employees' end of service benefits		**881,021**	90,793
Right-of-use assets and lease liabilities		**16,764,029**	-
Acurred interst income		**29,158**	-

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

Abid Rehmat Rehmatullah Sheikh Chief Fiancial Officer	Abdullah bin Anwar bin Mohammad Yousef Andijani Managing Director – Chief Excutive Officer

1. REPORTING ENTITY

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

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

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

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

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

License No.	License No.	License commencement date	License expiry date
Media	75841	12 April 2021 Corresponding to 29 Sha'ban 1442H	6 February 2027 Corresponding to 29 Sha'ban 1448H
Public relations and communications	80531	20 December 2021 Corresponding to 15 Jumada I 1443H	15 October 2027 Corresponding to 15 Jumada I 1449H
Business Incubator License	1021	9 March 2025 Corresponding to 9 Ramadan 1446H	10 March 2026 Corresponding to 10 Ramadan 1447H

The Parent Company has the following branches:

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

The Parent Company's Head Office is located at the following address:

Riyadh - Hiteen District,
Prince Muhammad Ibn Saad Ibn Abdulaziz
Building No. 7624
Postal Code 13516
Kingdom of Saudi Arabia

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

1. REPORTING ENTITY (CONTINUED)

Subsidiary	Country of Incorporation	% of ownership 31 December 2024	31 December 2023
Society Experts Limited Company	Kingdom of Saudi Arabia	**100**	100

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

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

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

2. BASIS OF PREPARATION

2-1 Statement of compliance

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

2-2 Basis of measurement

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

2-3 Functional and presentation currency

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

2-4 New standards, amendments and interpretations

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

Standard, interpretation, amendments	Description	Mandatory 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

2. BASIS OF PREPARATION (CONTINUED)

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

Standard, interpretation, amendments	Description	Mandatory effective date
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 and Classification of liabilities as current or non-current	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

Standards Issued but not yet effective.

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

Standard, interpretation, amendments	Description	Mandatory effective date
Amendment to IFRS 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

(Saudi Riyal)

2. BASIS OF PREPARATION (CONTINUED)

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

Standards Issued but not yet effective.

Standard, interpretation, amendments	Description	Mandatory effective date
Amendments to IFRS 10 and IAS 28- Sale or Contribution of Assets between an Investor and its Associate or Joint Venture	Partial gain or loss recognition for transactions between an investor and its associate or joint venture only apply to the gain or loss resulting from the sale or contribution of assets that do not constitute a business as defined in IFRS 3 Business Combinations and the gain or loss resulting from the sale or contribution to an associate or a joint venture of assets that constitute a business as defined in IFRS 3 is recognized in full.	Effective date deferred indefinitely
Amendments to IFRS 9 Financial Instruments and IFRS 7 Financial Instruments: Disclosures	Under the amendments, certain financial assets including those with ESG-linked features could now meet the SPPI criterion, provided that their cash flows are not significantly different from an identical financial asset without such a feature. The IASB has amended IFRS 9 to clarify when a financial asset or a financial liability is recognized and derecognized and to provide an exception for certain financial liabilities settled using an electronic payment system.	1 January 2026.
IFRS 18, Presentation and Disclosure in Financial Statements	IFRS 18 provides guidance on items in statement of profit or loss classified into five categories: operating; investing; financing; income taxes and discontinued operations It defines a subset of measures related to an entity's financial performance as 'management-defined performance measures' ('MPMs'). The totals, subtotals and line items presented in the primary financial statements and items disclosed in the notes need to be described in a way that represents the characteristics of the item. It requires foreign exchange differences to be classified in the same category as the income and expenses from the items that resulted in the foreign exchange differences.	January 2027
IFRS 19, Subsidiaries without Public Accountability: 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

2. BASIS OF PREPARATION (CONTINUED)

2-5 Critical accounting judgments, estimates and assumptions.

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

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

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

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

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

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

Cost to complete the project.

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

Useful lives of property and equipment

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

Useful life of intangible assets

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

2. BASIS OF PREPARATION (CONTINUED)

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

The estimated useful lives for current year are 5 years as compared to the useful life for prior year are 3 years. The difference in useful life is due to a change in estimate based on management's assessment during the current year. The impact of this change would be amortized till 2029.

3. MATERIAL ACCOUNTING POLICES

The accounting policies below have been consistently applied to all periods presented in the consolidated financial statements, except as explained in note (2-4).

a) Property, plant and equipment

Property, plant and equipment are stated at cost less accumulated depreciation and accumulated impairment losses, if any. Office renovations under construction is not depreciated. This cost includes the cost of replacing part of property, plant and equipment and any borrowing costs relating to long-term construction projects if the recognition criteria are met. If replacement of important parts of equipment is required in stages, the Group depreciate these parts separately over their useful lives. Likewise, when a major test is performed, its cost is recognized in the carrying amount of property, plant and equipment as a replacement, if its recognition criteria are met. All other repair and maintenance costs are recognized in the statement of profit or loss and other comprehensive income as incurred.

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

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

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

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

b) Intangible assets

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

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

- Any gain or loss arising on derecognition of the intangible assets is measured as a difference between the net disposal proceeds and the carrying amount of the assets and is recognized in the statement of profit or loss and other comprehensive income when the asset is derecognized. Intangible assets consist of websites and electronic applications, and computer software which are amortized over the estimated useful lives.

3. MATERIAL ACCOUNTING POLICES (CONTINUED)

b) Intangible assets (continued)

- Capital works in progress is stated at cost less any impairment loss, if any and not amortized. Amortization on capital works in progress commences when the assets are ready for their intended use,
- The amortization is charged to the statement of profit or loss and other comprehensive income using the straight-line method in order to allocate costs to the respective assets

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

Intangible assets	Amortization percentages
Electronic applications	20%
Computer software	25%
Website	20%

c) Leases

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

Group as a lessee

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

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

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

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

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

3. MATERIAL ACCOUNTING POLICES (CONTINUED)

c) Leases (continued)

Group as a lessee (continued)

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

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

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

Short-term leases

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

Extension options

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

d) Financial instruments

Classification and measurement of financial assets and financial liabilities

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

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

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

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

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

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

3. MATERIAL ACCOUNTING POLICES (CONTINUED)

d) Financial instruments (continued)

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

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

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

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

Impairment of financial assets

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

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

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

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

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

Measurement of ECLs

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

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

3. MATERIAL ACCOUNTING POLICIES (CONTINUED)

n) Financial instruments (continued)

Financial liabilities

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

Derecognition

Financial assets

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

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

Financial liabilities

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

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

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

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

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

3. MATERIAL ACCOUNTING POLICIES (CONTINUED)

n) Financial instruments (continued)

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

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

o) Impairment of non-financial assets

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

p) Cash and cash equivalents

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

q) Foreign currencies transactions

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

r) Employees' benefits

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

<u>Post-employment benefits</u>

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

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

3. MATERIAL ACCOUNTING POLICES (CONTINUED)

r) Employees' benefits (continued)

Post-employment benefits (continued)

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

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

s) Treasury shares

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

t) Statutory reserve

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

u) Other reserve

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

v) Provisions

Provisions are recognized when the Group has a present obligation as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation.

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

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

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

3. MATERIAL ACCOUNTING POLICES (CONTINUED)

w) Revenue recognition

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

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

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

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

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

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

Type of service	**Nature and timing of satisfaction of performance obligation, including significant payment terms**	**Revenue recognition policies**
Consulting and Project Management Services	The Group has determined that for made-to-order projects, the customer controls all of the work in progress as the projects are being completed. This is because under those contracts projects are designed to a customer's specification and if a contract is terminated by the customer, then the Group is entitled to reimbursement of the costs incurred to date, including a reasonable margin.	Revenue is recognised over time as the services are provided. The stage of completion for determining the amount of revenue to recognise is assessed based on input method. If the services under a single arrangement are rendered in different reporting periods, then the consideration is allocated based on their relative stand-alone selling prices. The stand-alone selling price is determined based on the list prices at which the Group sells the services in separate transactions.

3. MATERIAL ACCOUNTING POLICES (CONTINUED)

w) Revenue recognition (continued)

Type of service	Nature and timing of satisfaction of performance obligation, including significant payment terms	Revenue recognition policies
Digital Solutions	The Company provides licenses with features depend on the terms and conditions of the license agreement.	The recognition of revenue depends on the terms and conditions of the sales agreement. Each distinct feature or component is treated as a separate performance obligation. The total transaction price is allocated to each performance obligation based on their relative stand-alone selling prices. Revenue is recognized progressively as the services are performed.

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

x) Contract assets and contract liabilities

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

y) Expenses

All other expenses, excluding cost of revenue and financial charges, are classified as general and administrative expenses, including unbilled employees cost . Allocations of common expenses between cost of revenue and general and administrative expenses, when required, are made on a fixed basis. All other costs are expensed in the period they are incurred.

Development expenditure is capitalised only if the expenditure can be measured reliably, the product or process is technically and commercially feasible, future economic benefits are probable and the Group intends to and has sufficient resources to complete development and to use or sell the asset. Otherwise, it is recognised in profit or loss as incurred. Subsequent to initial recognition, development expenditure is measured at cost less accumulated amortisation and any accumulated impairment losses.

z) Zakat

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

3. MATERIAL ACCOUNTING POLICES (CONTINUED)

aa) Fair value measurement

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

- In the principal market for the asset or liability; or
- In the absence of a principal market, in the most appropriate market for the asset or liability.

The principal or the most appropriate market must be accessible by the Group. The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest.

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

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

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

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

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

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

bb) Contingent liabilities

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

3. MATERIAL ACCOUNTING POLICES (CONTINUED)

cc) Dividends

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

dd) Earnings per share

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

ee) Reporting Segments

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

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

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

The assets are classified as current when they are:

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

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

The liabilities are classified as current when they are:

- When it is expected to be settled in the normal operating cycle.
- If it is held primarily for trading purposes.
- It is due to be settled within twelve months after the reporting period.

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

(Saudi Riyal)

4. PROPERTY, PLANT AND EQUIPMENT

	Furniture and fixtures	**Tools and equipment**	**Computers**	**Office renovations**	**Office renovations under construction**	**Total**
Cost						
As at 1 January 2024	**595,726**	**129,621**	**2,258,369**	**2,125,440**	**-**	**5,109,156**
Additions	**-**	**1,775**	**381,798**	**-**	**2,151,998**	**2,535,571**
As at 31 December 2024	**595,726**	**131,396**	**2,640,167**	**2,125,440**	**2,151,998**	**7,644,727**
Accumulated depreciation						
As at 1 January 2024	**362,794**	**105,602**	**1,210,235**	**1,828,108**	**-**	**3,506,739**
Charge for the year	**98,352**	**6,356**	**403,158**	**297,332**	**-**	**805,198**
As at 31 December 2024	**461,146**	**111,958**	**1,613,393**	**2,125,440**	**-**	**4,311,937**
Net book value						
As at 31 December 2024	**134,580**	**19,438**	**1,026,774**	**-**	**2,151,998**	**3,332,790**

	Furniture and fixtures	Tools and Equipment	Computers	Office renovations	Total
Cost					
As at 1 January 2023	573,452	108,904	1,469,661	1,933,576	4,085,593
Additions	22,274	20,717	788,708	191,864	1,023,563
31 December 2023	595,726	129,621	2,258,369	2,125,440	5,109,156
Accumulated depreciation					
As at 1 January 2023	266,411	103,139	952,875	1,062,254	2,384,679
Charged for the year	96,383	2,463	257,360	765,854	1,122,060
31 December 2023	362,794	105,602	1,210,235	1,828,108	3,506,739
Net book value					
As at 31 December 2023	232,932	24,019	1,048,134	297,332	1,602,417

- Depreciation for the year has been allocated to General and administrative expenses (Note: 24).

- The Group is currently undertaking office renovations, which are in progress as of the reporting date. The costs incurred for the renovations will be depreciated once the construction is completed, and the asset is ready for use, expected to be on 12 February 2025.

(Saudi Riyal)

5. INTANGIBLE ASSETS

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

	Computer software	**Website**	**Electronic applications**	**Intangible assets under development**	**Total**
Cost:					
As at 1 January 2024	**22,975**	**4,297,705**	**18,377,939**	**131,324**	**22,829,943**
Additions	**-**	**61,740**	**2,004,432**	**2,958,195**	**5,024,367**
As at 31 December 2024	**22,975**	**4,359,445**	**20,382,371**	**3,089,519**	**27,854,310**
Accumulated amortization:					
As at 1 January 2024	**22,975**	**4,205,293**	**8,676,415**	**-**	**12,904,683**
Charged during the year	**-**	**34,158**	**2,758,877**	**-**	**2,793,035**
As at 31 December 2024	**22,975**	**4,239,451**	**11,435,292**	**-**	**15,697,718**
Net carrying amount:					
As at 31 December 2024	**-**	**119,994**	**8,947,079**	**3,089,519**	**12,156,592**

	Computer software	Website	Electronic applications	Intangible assets under development	Total
Cost:					
As at 1 January 2023	22,975	4,297,705	8,964,312	1,584,550	14,869,542
Additions	-	-	2,381,569	5,578,832	7,960,401
Transferred from under development to electronic applications	-	-	7,032,058	(7,032,058)	-
As at 31 December 2023	22,975	4,297,705	18,377,939	131,324	22,829,943
Accumulated amortization:					
As at 1 January 2023	22,975	4,189,499	6,383,727	-	10,596,201
Charged during the year	-	15,794	2,292,688	-	2,308,482
As at 31 December 2023	22,975	4,205,293	8,676,415	-	12,904,683
Net carrying amount:					
As at 31 December 2023	-	92,412	9,701,524	131,324	9,925,260

Electronic applications represent digital products built internally specialized in constructing and designing digital platforms, collecting and sorting data, and managing financial operations to assist in automating and managing projects and these products amortization have been charged to cost of revenue.

During the year, management has re-assessed the useful life of electronic application from 3 years to 5 years. The impact of change in useful life is as follows;

	2024	2025	2026	2027	2028	2029	Total
Net impact in amortization cost	**1,794,535**	1,839,462	(450,992)	(2,714,729)	(400,886)	(67,390)	-

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5. INTANGIBLE ASSETS (CONTINUED)

Amortization for the year has been allocated as follows:

	2024	2023
Cost of revenue	**2,758,877**	2,292,688
General and administrative expenses	**34,158**	15,794
	2,793,035	2,308,482

6. LEASES

6-1 Right-of-use assets

The right-of-use assets represent the value of lease agreements for office in Riyadh city.

	31 December 2024	31 December 2023
Balance at beginning of the year	**496,964**	1,373,014
Additions to right-of-use assets	**16,764,029**	-
Depreciation for the year	**(2,866,892)**	(876,050)
Balance at end of the year	**14,394,101**	496,964

6-2 Lease liabilities

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

	31 December 2024	31 December 2023
Balance at beginning of the year	**-**	906,661
New lease agreements entered during the year	**16,764,029**	-
Payments during the year	**(3,519,600)**	(951,682)
Interest expense incurred during the year	**981,885**	45,021
Balance at end of the year	**14,226,314**	-

	31 December 2024	31 December 2023
Lease liabilities		
Current portion of lease liabilities	**2,677,847**	-
Non - current portion of lease liabilities	**11,548,467**	-
Total lease liabilities	**14,226,314**	-

- In April 2024, the group signed a new financing lease contract with a Real Estate Company (a third party) for its main premises in Riyadh for five years, at a value of SR 23,851,575.

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7. BANK DEPOSITS

	31 December 2024	31 December 2023
Non-current bank deposit*	**-**	5,000,000
Current bank deposit	**5,000,000**	6,000,000
	5,000,000	11,000,000

* Represents a deposit with a local bank in exchange for obtaining banking facilities with a credit rating of A1. The original maturity period is three years with a Murabaha rate from 2.9% to 3.3%, ending on April 21, 2025. It has been classified as a current deposit as of 31 December 2024, since its maturity period is less than a year. Finance income incurred in 2024: SR 167,778/- (2023: SR 241,228/-).

8. TRADE RECEIVABLES

	31 December 2024	31 December 2023
Trade receivables*	**119,009,899**	67,028,767
Retention	**769,602**	454,723
Total trade receivables	**119,779,501**	67,483,490
Less: Allowance for impairment of trade receivables	**(1,193,470)**	(568,979)
Net trade receivables	**118,586,031**	66,914,511

*During the subsequent period, the Group received a total of SR 39,840,425/- from the total trade receivables.

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

	31 December 2024	31 December 2023
Balance at beginning of the year	**568,979**	197,796
Allowance for impairment of trade receivables during the year	**624,491**	371,183
Balance at end of the year	**1,193,470**	568,979

9. PREPAYMENTS AND OTHER CURRENT ASSETS

	31 December 2024	31 December 2023
LG cover margin	**2,859,398**	6,347,054
Refundable deposits	**1,858,453**	911,248
Advances to suppliers	**732,449**	945,213
Advances for investment in companies	**563,675**	563,675
Prepaid expenses	**484,793**	683,738
Murabaha income on bank deposits	**177,716**	148,558
Employees receivables	**35,476**	77,959
VAT receivables	**-**	1,030,494
Other	**625,389**	982,000
Total other current assets.	**7,337,349**	11,689,939
Less: Allowance for impairment of other current assets	**(563,675)**	(375,750)
Net other current assets	**6,773,674**	11,314,189

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9. PREPAYMENTS AND OTHER CURRENT ASSETS (CONTINUED)

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

	31 December 2024	31 December 2023
Balance at beginning of the year	**375,750**	-
Allowance for impairment of other current assets during the year	**187,925**	375,750
Balance at end for the year	**563,675**	375,750

10. CONTRACT ASSETS

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

	31 December 2024	31 December 2023
Total charged costs	**116,192,545**	62,063,699
Add:		
Realized gross profits	**65,757,045**	51,761,622
Revenue - according to the percentage of completion	**181,949,590**	113,825,321
Less:		
Progress billings issued for work completed	**(153,820,883)**	(71,715,044)
Less: Allowance for impairment before write-off	**(134,968)**	(953,433)
	27,993,739	41,156,844

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

	31 December 2024	31 December 2023
Balance as at 1 January	**953,433**	36,844
(Reversal) / allowance for impairment of contract assets during the year	**(818,465)**	2,214,677
Write-off during the year	**-**	(1,298,088)
Balance at 31 December	**134,968**	953,433

The contract assets primarily relate to the Group's rights to consideration for work completed but not billed at the reporting date on services provided. The contract assets are transferred to receivables when the rights become unconditional. This usually occurs when the Group issues an invoice to the customer.

11. CASH AND CASH EQUIVALENTS

	31 December 2024	31 December 2023
Cash at Banks	**25,148,788**	36,367,331
Short term Murabaha deposits *	**16,000,000**	10,000,000
	41,148,788	46,367,331

* The short-term deposits carry a Murabaha rate ranges from 5.3% to 5.45% and a maturity less than three months. Commercial Bank ratings ranges from A1 to Baa1. Finance income incurred on short term Murabaha deposits in 2024: SR 740,055/- (2023: 262,238/-).

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12. SHARE CAPITAL

The Company's share capital as of December 31, 2024, amounted to SR 36,599,970 (December 31, 2023: SR 36,599,970), divided into 3,659,997 shares of SR 10 each.

The following shows the major shareholders as of 31 December 2024:

Major shareholders	**Ownership percentage**	**Number of ordinary shares**	**Number of diluted shares**
Abdullah Anwar Muhammad Yousuf Andjani	19.06%	697,737	-
TAM Development Company - A Saudi Joint Stock Company (Treasury shares)	10.00%	-	365,997
Ain Altanmaweyah for Investment Company Company - Single Person Company	15.72%	575,164	-
Maalem Al-Massa Real Estate Company - Single Person Company	10.95%	400,620	-

The following is the details of outstanding number of shares:

Number of outstanding ordinary shares	**Treasury shares**	**Number of issued shares**
3,294,000	365,997	3,659,997

13. TREASURY SHARES

In the Extraordinary General Assembly meeting held on 10 October 2022 (corresponding to 14 Rabi' al-Awwal 1444 H), the shareholders decided to allocate 365,997 shares out of their 3,659,970 ordinary shares, through shareholders' waiver of 10% of the share capital in favor of the Company, at a rate of SAR 10 per share with a total value of SAR 3,659,970 and hold them as treasury shares, in order to allocate them to the company's employees as part of the employee stock ownership plan, noting that this plan has not been activated yet. Shareholders waived proportionately from each shareholder share on October 16, 2022, (corresponding to Rabi' al-Awwal 20, 1444 H).

14. DIVIDENDS

- The Group's Board of Directors decided in the meeting held on 21 May 2024, AD, corresponding to 13 Dhul-Qi'dah 1445 AH, to distribute dividends to partners in the amount of 1.23 riyals per share, with a total amount of SR 4,051,620 and the number of shares entitled to dividends is 3,294,000 shares. The extraordinary general assembly approved the board of directors' decision to distribute dividends on 11 June 2024 (corresponding to 5 Dhu al-Hijjah 1445 H).
- The Group's Board of Directors decided in the meeting held on 11 July 2023 AD, corresponding to Dhu 23 al-Hijjah 1444 AH, to distribute dividends to partners in the amount of .85 riyals per share, with a total amount of SR 2,799,900, and the number of shares entitled to dividends is 3,294,000 shares. The extraordinary general assembly approved the board of directors' decision to distribute dividends on 27 August 2023 (corresponding to 11 Safar 1445 H).

15. STATUTORY RESERVE AND OTHER RESERVE

The Group's Board of Directors decided in the meeting held on 21 May 2024 (corresponding to Dhul-13 Qi'dah 1445 H), to transfer the full balance of the statutory reserve amounting to SR 6,320,238 and the other reserve amounting to SR 3,078,000 to the retained earnings balance. The extraordinary general assembly approved the board of directors' decision to transfer the reserves on 11 June 2024 (corresponding to 5 Dhu al-Hijjah 1445 H).

(Saudi Riyal)

16. EMPLOYEES' BENEFITS OBLIGATIONS

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

A) Changes in the present value of defined benefit obligations

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

	31 December 2024	31 December 2023
Current service cost	**1,793,344**	1,640,576
Interest cost	**215,157**	242,077
Total benefit expenses	**2,008,501**	1,882,653

	31 December 2024	31 December 2023
Balance at beginning of the year	**5,423,128**	4,188,585
Interest cost	**215,157**	242,077
Current service cost	**1,793,344**	1,640,576
Actuarial gains on remeasurement of employees' benefits obligations	**(881,021)**	(90,793)
Benefits paid	**(915,593)**	(557,317)
Balance at end of the year	**5,635,015**	5,423,128

b) Sensitivity analyses

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

	31 December 2024	31 December 2023
Discount rate	**5.75%**	4.65%
Future salary increases rate	**4.00%**	5.40%
Retirement age	**60 years**	60 years

A quantitative sensitivity analysis for significant assumptions as at 31 December 2024 and 31 December 2023 is shown below:

	Discount rate	
	Increase by 1%	**Decrease by 1%**
Defined benefit obligations as at 31 December 2024	**(275,738)**	**304,896**
Defined benefit obligations as at 31 December 2023	(347,797)	396,118

	Salary increases rate	
	Increase by 1%	**Decrease by 1%**
Defined benefit obligations as at 31 December 2024	**279,845**	**(257,556)**
Defined benefit obligations as at 31 December 2023	389,163	(348,578)

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16. EMPLOYEES' BENEFITS OBLIGATIONS (CONTINUED)

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

17. TRADE PAYABLES AND OTHER CURRENT LIABILITIES

	31 December 2024	31 December 2023
Accrued expenses and employees' accruals	**20,621,665**	18,634,776
Trade payables	**19,301,772**	9,627,563
Employees payables	**-**	173,676
Value added tax	**12,098,438**	-
Remunerations for board of directors and its committees	**617,500**	615,000
Withholding tax	**427,875**	304,222
		-
Accruals related to customer contract	**-**	570,645
	53,067,250	29,925,882

18. CONTRACT LIABILITIES

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

	31 December 2024	31 December 2023
Total charged costs	**9,836,547**	47,016,628
Add:		
Realized gross profits	**3,312,063**	33,301,946
Revenue - according to the percentage of completion	**13,148,610**	80,318,574
Less:		
Progress billings issued for work completed	**(24,434,169)**	(120,531,896)
	(11,285,559)	(40,213,322)

The contract liabilities primarily relate to the advance consideration received from customers' services provided, for which revenue is recognized over time. The amount of SR 13.14 million included in contract liabilities at 31 December 2024 has been recognized as revenue in 2024 (2023: SR 80.3 million).

19. COMMITMENTS AND CONTINGENCIES

The Group has issued letters of guarantee in the ordinary course of business through the banks amounting to SR 16.5 million (31 December 2023: SR 21.4 million).

20. LONG TERM LOAN

The Group has a facility of SR 20,000,000/- out of which the Company has availed a loan of SR 5,028,735 including accrued interest of SR 45,138 represents Shariah Compliant loan obtained from a financial institution in November 2024 and bear financial charges at fixed rate of 7.72% pa. This loan is secured by a promissory note in the name of the Company and are denominated in Saudi Riyals. The loan is due for repayment within the next 12 months with an option of roll over for additional similar term at a rate prevailing at the time of renewal

21. ZAKAT PROVISION

A) Status of assessment

The Group has submitted its zakat and withholding tax returns for all years ended up to 31 December 2023 to the Zakat, Tax and Customs Authority (ZATCA) and obtained the temporary Zakat Certificate.

During the year ended 31 December 2023, the Zakat Authority “the Authority” submitted a zakat assessment for the fiscal year ending on December 31, 2019, and demanded the company with amount of SR 34,100.

The assessments of the group have been agreed with the Zakat, Tax and Customs Authority (“the ZATCA”) upto the year 2023.

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

B) Movement in Zakat provision:

	31 December 2024	31 December 2023
Balance as at 1 January	**3,456,058**	2,091,658
Zakat charge during the year (*)	**2,754,479**	3,490,158
Zakat paid	**(2,793,304)**	(2,125,758)
Balance as at 31 December	**3,417,233**	3,456,058

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

	31 December 2024	31 December 2023
Zakat for the current year	**2,754,479**	3,456,058
Prior-year’s expense	**-**	34,100
	2,754,479	3,490,158

22. REVENUE

22.1 Revenue By Provided Service

	31 December 2024	31 December 2023
Consulting services	**232,126,960**	165,301,488
Digital solutions	**41,226,048**	23,101,640
	273,353,008	188,403,128

(Saudi Riyal)

22. REVENUE (CONTINUED)

22.2 Revenue By Customer Sector

	31 December 2024	31 December 2023
Government and semi government	**260,532,035**	173,752,338
Private sector Companies	**12,820,973**	14,650,790
	273,353,008	188,403,128

23. COST OF REVENUE

	31 December 2024	31 December 2023
Consulting services	**157,486,175**	87,097,768
Digital solutions	**22,129,380**	11,543,332
	179,615,555	98,641,100

*Cost of revenue does not include the cost of employees not allocated to projects. These costs are included in general and administrative expenses (Note 24).

24. GENERAL AND ADMINISTRATIVE EXPENSES

	31 December 2024	31 December 2023
Salaries and other allowances*	**29,745,087**	15,954,276
Temporary staff salaries and other allowances	**9,702,361**	7,521,513
Bonus and commission	**4,258,654**	6,811,751
Consulting and legal expenses	**3,535,587**	1,732,260
Depreciation charge for right of use assets	**2,866,892**	876,050
Offices and administrative expenses	**2,835,472**	4,484,731
Governmental charges	**1,983,363**	1,338,955
Subscriptions expenses	**1,853,900**	1,255,389
Rent expenses	**939,668**	341,407
Depreciation and amortization charges	**839,356**	1,137,854
Audit fee	**570,000**	500,000
Remunerations for board of directors and its committees	**681,250**	674,000
Other general and administrative expenses	**487,246**	867,288
	60,298,836	43,495,474

* Salaries and other allowances include unbilled employee costs amounting to SR 12.18 million (2023: SR 4.45 million), reflecting expenditures incurred to maintain operational workforce readiness.

25. FINANCE COSTS

	31 December 2024	31 December 2023
Interest on end-of-service benefits	**215,157**	242,077
Interest on finance lease	**981,885**	45,021
Interest on long term loan	**45,137**	-
Bank charges	**475,100**	262,770
	1,717,279	549,868

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26. TRANSACTIONS WITH RELATED PARTIES

Related parties of the group consist of the shareholders having control or significant influence, key management personnel, and Companies which are directly or indirectly controlled or influenced by the shareholders, key management personnel. The Group and its related parties transact with each other as per mutually agreed terms.

Other parties comprise of those entity where key management persons are common. Management have disclosed it as other party. This disclosure has been prepared in compliance with Article 71 of the Company's law.

The following table shows the balances and transactions made with related parties during the year:

Name of related parties and others	**Relationship**	**Transaction description**	**31 December 2024**	31 December 2023
Bupa Arabia Company *	Other	Health insurance contract	**2,439,380**	1,857,505
Careem Transportation Information Technology Company **	Other	Transportation services	**437,081**	305,171

* The due from related parties balance amounted to SR 30,124 under trade receivables and other current assets (2023: SR 57,628)

** The due to related parties balance amounted to SR 34,761 under trade payables and other current liabilities (2023: SR 168,605).

Compensation and benefits to key management personnel

	31 December 2024	31 December 2023
Salaries and allowances	**12,625,959**	14,222,124
End-of-service benefits	**1,540,339**	1,810,173
Total	**14,166,298**	16,032,297

Board of Directors' remuneration and related expenses

	31 December 2024	31 December 2023
Board of Directors' and its committees' remuneration	**681,250**	674,000
	681,250	674,000

Transactions with shareholders

Treasury stock transactions with shareholders are explained in Note 13.

(Saudi Riyal)

27. EARNINGS PER SHARE

In accordance with IAS 33, basic earnings per share are calculated by dividing income attributable to the shareholders of the Group based on the weighted average number of ordinary shares during the year ended 31 December 2024.

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

The diluted earnings per share is equivalent to the basic earnings per share for the year ended 31 December 2024.

	31 December 2024	31 December 2023
Net profit for the year	**30,137,082**	40,601,961
Weighted average number of shares	**3,294,000**	3,294,000
Earnings per share (basic and diluted)	**9.15**	12.33

Weighted average number of shares during the year

	31 December 2024	31 December 2023
Number of ordinary shares	**3,659,997**	3,659,997
Effect of treasury shares	**(365,997)**	(365,997)
Weighted average number of ordinary shares	**3,294,000**	3,294,000

28. SEGMENTS REPORTING

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

Segment Name	**Segment activities' description**
Consulting services	▪ Formulating strategies and designing initiatives in order to raise the experience quality for the citizen and users of the government and quasi government services using one of the innovation and design approaches. ▪ Managing implementation of the government and quasi government programs and initiatives as per the approved strategies that contribute to achieving success indicators of the transformation plans of the various entities.
Digital solutions	▪ Designing, implementing and managing the operation of digital programs and products enables the government and quasi government segment to automate the communication and community engagement, explore and improve talents, and manage the government support for all segments of the community.

These divisions offer different products and services, and are managed separately because they require different technology and marketing strategies.

(Saudi Riyal)

28. SEGMENTS REPORTING (CONTINUED)

For the year ended 31 December 2024

	Consulting services	**Digital solutions**	**Total**
Revenue	**232,126,960**	**41,226,048**	**273,353,008**
Cost of revenue	**(157,486,175)**	**(22,129,380)**	**(179,615,555)**
Gross income	**74,640,785**	**19,096,668**	**93,737,453**

For the year ended 31 December 2023

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

The Chief Operating Decision Maker uses the above results which are reviewed at monthly Executive Committee and Performance meetings. Revenue and Segmental profits are used as a consistent measure within the Group as it reflects the segments' performance for the period under evaluation.

29. FINANCIAL INSTRUMENTS

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

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

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

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

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

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

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

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

(Saudi Riyal)

29. FINANCIAL INSTRUMENTS (CONTINUED)

Accounting classification and fair values (continued)

For assets and liabilities that are recognized in the consolidated financial statements at fair value on a recurring basis using level 1 or level 2 indicators, the Group determines whether transfers have occurred between levels in the hierarchy by re-assessing categorization (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period.

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

All financial assets and liabilities are held at amortized cost by the Group.

30. RISK MANAGEMENT OF FINANCIAL INSTRUMENTS

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

- Market risk
- Credit risk
- Liquidity risk

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

Credit risk

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

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

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

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

For the year ended 31 December 2024

	Total carrying amount	Provision for expected credit losses	Weighted-average credit loss rate
Less than 90 days	**110,234,756**	**558,903**	**0.5%**
91 - 180 days	**5,391,067**	**179,630**	**3.3%**
181 - 270 days	**3,314,349**	**288,437**	**8.7%**
271 - 365 days	**164,290**	**22,391**	**13.6%**
More than 365 days	**675,039**	**144,109**	**21.3%**
Total	**119,779,501**	**1,193,470**	

(Saudi Riyal)

30. RISK MANAGEMENT OF FINANCIAL INSTRUMENTS (CONTINUED)

Credit risk (continued)

For the year ended 31 December 2023

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

The group's revenue entirely originates from Saudi Arabia, During the year ended 31 December 2024, approximately 89% of the total revenues were derived from 5 customers (2023: approximately 87% from 5 customers).

At 31 December 2024, the carrying amount of the receivable from the Group's most significant customer (a Government entity) was SR 103,482,854/- (2023: SR 61,514,640/-).

- During the subsequent period, the group received a total of SR 39,840,425/- from the total trade receivables.

Liquidity risk

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

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

	Less than 1 year	**2-5 years**	**Over 5 years**	**Total contractual cash flows**	**Carrying amount**
As at 31 December 2024					
Trade payables	**19,301,772**	**-**	**-**	**19,301,772**	**19,301,772**
Accrued expenses	**20,121,665**	**-**	**-**	**20,121,665**	**20,121,665**
Lease liabilities	**3,896,700**	**13,324,200**		**17,220,900**	**14,226,314**
Long term loan	**5,229,736**			**5,229,736**	**4,983,597**
As at 31 December 2023					
Trade payables	9,627,563	-	-	9,627,563	9,627,563
Accrued expenses	18,808,452	-	-	18,808,452	18,808,452

30. RISK MANAGEMENT OF FINANCIAL INSTRUMENTS (CONTINUED)

Market risk

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

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

Foreign currency risk

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

Interest rate risk

It is the exposure to various risks associated with the effect of fluctuations in the prevailing interest rates on the Company's financial position and cash flows. The Company's interest rate risk arise mainly from short term bank debts and long term debts, which are at floating rates of interest. All debts are subject to re-pricing on a regular basis.
Cash flow sensitivity analysis for variable-rate instruments

A reasonably possible change of 100 basis points in interest rates at the reporting date would have increased (decreased) profit or loss by the amounts shown below. This analysis assumes that all other variables, in particular foreign currency exchange rates, remain constant.

	Profit or loss	
	100 bp increase	**100 bp decrease**
Term loan at market rate	**328,625**	**253,870**

Capital management.

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

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

	31 December 2024	31 December 2023
Trade payables and other current liabilities	**53,067,250**	29,925,882
Long term loan	**5,028,735**	-
Lease liabilities	**14,226,314**	-
Less: cash and cash equivalents	**(41,148,788)**	(46,367,331)
Net debt	**31,173,511**	(16,441,449)
Total shareholders' equity	**136,725,609**	109,759,126
Net debt to shareholders' equity ratio	**23%**	Not applicable

31. SUBSEQUENT EVENTS

On March 22, 2025, Tam Development Company announced that the Board of Directors recommended the distribution of cash dividends to shareholders for the fiscal year ending December 31, 2024, at a rate of 0.92 SAR per share, amounting to a total of 3,030,480 SAR. The right to receive dividends will be granted to shareholders who hold shares at the end of trading on the day of the company's General Assembly and who are registered in the company’s records with the Securities Depository Center Company (Edaa) at the close of trading on the second trading day following the General Assembly. The date of the General Assembly and the payment details will be announced later, after obtaining the necessary official approvals.

Other than the above, management believes that there have been no significant subsequent events for the year ended 31 December 2024 that would have material impact on the Group’s financial position and its performance as reflected in these consolidated financial statements and the accompanying notes

32. APPROVAL OF THE CONSOLIDATED FINANCIAL STATEMENTS

The consolidated financial statements of the Group have been approved by the Board of Directors on 22 March 2025 (corresponding to 22 Ramadan 1446H).