ALPHA ARABIA FINANCE COMPANY
(A SAUDI CLOSED JOINT STOCK COMPANY**)**

FINANCIAL STATEMENTS
FOR THE PERIOD FROM JUNE 8, 2023 (THE DATE OF ISSUING COMMERCIAL REGISTRATION) **TO DECEMBER 31, 2023**
AND INDEPENDENT AUDITOR'S REPORT

ALPHA ARABIA FINANCE COMPANY
(A SAUDI CLOSED JOINT STOCK COMPANY**)**

FINANCIAL STATEMENTS AND INDEPENDENT AUDITOR'S REPORT FOR THE PERIOD FROM JUNE 8, 2023 (THE DATE OF ISSUING COMMERCIAL REGISTRATION) **TO DECEMBER 31, 2023**

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INDEPENDENT AUDITOR'S REPORT

To the Shareholders of
Alpha Arabia Finance Company
(A Saudi Closed Joint Stock Company)

Opinion:
We have audited the financial statements of **Alpha Arabia Finance Company** ("the Company"), which comprise the statement of financial position as of December 31, 2023, and the statement of comprehensive income, statement of changes in equity and statement of cash flows for the period from June 8, 2023 (the date of issuing Commercial Registration) to December 31, 2023 and notes to the financial statements, including a summary of material accounting policies.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Company as of December 31, 2023, and its financial performance and its cash flows for the for the period from June 8, 2023 (the date of issuing Commercial Registration) to December 31, 2023 in accordance with International Financial Reporting Standards (IFRSs) 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 (ISA's) 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 Financial Statements"* section of our report. We are independent of the Company in accordance with the International Code of Ethics for Professional Accountants (including International Independence Standards) that are endorsed in the Kingdom of Saudi Arabia, and we have fulfilled our other ethical responsibilities in accordance with this code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

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

In preparing the financial statements, management is responsible for assessing the Company'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 Company or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Company's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Statements
Our objectives are to obtain reasonable assurance about whether the 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 ISA's that are endorsed in the Kingdom of Saudi Arabia will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

INDEPENDENT AUDITOR'S REPORT (CONTINUED)

To the Shareholders of
Alpha Arabia Finance Company
(A Saudi Closed Joint Stock Company)

Auditor's Responsibilities for the Audit of the Financial Statements (Continued):
As part of an audit in accordance with ISAs 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 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 the one resulting from error, as fraud may involve collusion, forgery, intentional omission, misrepresentations, or the override of internal control;
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company 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 Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern; and
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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.

RSM Allied Accountants Professional Services

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RSM Allied Accountants Professional Services Co.

Mohammed Bin Farhan Bin Nader
(License No. 435)
Riyadh, Kingdom of Saudi Arabia
Ramadan 15, 1445 H (Corresponding to March 25, 2024)

ALPHA ARABIA FINANCE COMPANY
(A SAUDI CLOSED JOINT STOCK COMPANY)

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

	Notes	2023
ASSETS		
Cash and cash equivalents	5	**94,658,602**
Prepaid expenses and other current assets	6	**2,690,242**
Property and equipment	7	**225,870**
Right of use assets	8	**5,123,665**
Intangible assets	9	**2,212,820**
TOTAL ASSETS		**104,911,199**
EQUITY AND LIABILITIES		
EQUITY		
Share capital	10	**100,000,000**
Retained earnings		**65,422**
TOTAL EQUITY		**100,065,422**
LIABILITIES		
Accrued expenses and other current liabilities	11	**347,723**
Lease liabilities	8	**4,393,094**
Zakat provision	12	**16,355**
Employees' defined benefit's obligations	13	**88,605**
TOTAL LIABILITIES		**4,845,777**
TOTAL EQUITY AND LIABILITIES		**104,911,199**

The accompanying notes form an integral part of these financial statements

ALPHA ARABIA FINANCE COMPANY
(A SAUDI CLOSED JOINT STOCK COMPANY)

STATEMENT OF COMPREHENSIVE INCOME
FOR THE PERIOD FROM JUNE 8, 2023 (THE DATE OF ISSUING COMMERCIAL REGISTRATION) **TO DECEMBER 31, 2023**
(SAUDI RIYAL**)**

	Notes	**For the period from June 8, 2023** (The date of issuing commercial registration) **to December 31, 2023**
General and administrative expenses	14	**(3,520,282)**
Operating loss		**(3,520,282)**
Other income	5	**3,739,536**
Finance cost on lease liabilities	8	**(137,477)**
Profit for the period before zakat		**81,777**
Zakat	12	**(16,355)**
Profit for the period		**65,422**
Other comprehensive income items		**-**
Total comprehensive income for the period		**65,422**

The accompanying notes form an integral part of these financial statements

ALPHA ARABIA FINANCE COMPANY
(A SAUDI CLOSED JOINT STOCK COMPANY)

STATEMENT OF CHANGES IN EQUITY
FOR THE PERIOD FROM JUNE 8, 2023 (THE DATE OF ISSUING COMMERCIAL REGISTRATION) **TO DECEMBER 31, 2023**
(SAUDI RIYAL**)**

	Share capital	Retained earnings	Total equity
For the period from June 8, 2023 (The date of issuing commercial registration) **to December 31, 2023**			
Profit for the period	**-**	**65,422**	**65,422**
Other comprehensive income for the period	**-**	**-**	**-**
Total comprehensive income for the period	**-**	**65,422**	**65,422**
Capital injection	**100,000,000**	**-**	**100,000,000**
Balance as of December 31, 2023	**100,000,000**	**65,422**	**100,065,422**

ALPHA ARABIA FINANCE COMPANY
(A SAUDI CLOSED JOINT STOCK COMPANY)

STATEMENT OF CASH FLOWS
FOR THE PERIOD FROM JUNE 8, 2023 (THE DATE OF ISSUING COMMERCIAL REGISTRATION)
TO DECEMBER 31, 2023
(SAUDI RIYAL**)**

	For the period from June 8, 2023 (The date of issuing commercial registration) **to December 31, 2023**
OPERATING ACTIVITIES:	
Profit for the period before zakat	**81,777**
Adjustments for:	
Depreciation on property and equipment	**13,273**
Depreciation on right of use assets	**731,952**
Finance cost on lease liabilities	**137,477**
Current service cost for employee's defined benefits obligations	**89,438**
Changes in operating assets and liabilities:	
Prepaid expenses and other current assets	**(2,690,242)**
Accrued expenses and other current liabilities	**347,723**
Cash flows used in operations	**(1,288,602)**
Employee's defined benefits obligations paid	**(833)**
Net cash flows used in operating activities	**(1,289,435)**
INVESTING ACTIVITIES:	
Purchases of property and equipment	**(239,143)**
Purchases of intangible assets	**(2,212,820)**
Net cash flows used in investing activities	**(2,451,963)**
FINANCING ACTIVITIES:	
Capital injection	**100,000,000**
Lease liabilities paid	**(1,600,000)**
Net cash flows from financing activities	**98,400,000**
Net changes in cash and cash equivalents during the period	**94,658,602**
Cash and cash equivalents at the end of the period	**94,658,602**
Non-cash transactions:	
Additions of right of use assets and lease liabilities	**5,855,617**

The accompanying notes form an integral part of these financial statements

1- COMPANY INFORMATION

Alpha Arabia Finance Company ("the Company") is a Saudi Closed Joint Stock Company registered in Riyadh, Kingdom of Saudi Arabia under Commercial Registration No. 1010887286 dated Dhul-Qi'dah 19, 1444 H, (corresponding to June 8, 2023) having obtained the necessary approval from the Ministry of Commerce (MOC) and Notary Public.

In accordance with Article 6 of the implementing Regulations of the Law of supervision of finance Companies, the Company submitted its application to the Saudi Central Bank ("SAMA") to obtain a license as a financing Company.

On Ramdan 20, 1444 H (corresponding to April 11, 2023) the Company received an initial approval from the SAMA to practice consumer financing, financial leasing, and financing small and medium enterprises. The Finance Companies Control Law was issued by the Saudi Council of Ministers through its publication No. 259 dated Sha'ban 12, 1433 H (corresponding to July 2, 2012) and the Royal Decree No. 51 dated Sha'ban 13, 1433 H (corresponding to July 3, 2012) and its implementing regulations were issued by SAMA for conducting lease financing business in the Kingdom of Saudi Arabia.

The principal activities of the Company as per commercial registration of the Company includes financing activities via consumer financing, financial leasing, and financing small and medium enterprises in the Kingdom of Saudi Arabia which are subject to SAMA formal approval as a grant of a license. However, the Company has not commenced its operation as of December 31, 2023.

The Company's registered office located in Riyadh Kingdom of Saudi Arabia, postal code 13524.

2- BASIS OF PREPARATION

2-1 Statement of Compliance

The Company's financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS") that are endorsed in the Kingdom of Saudi Arabia, and other standards and pronouncement approved by the Saudi Organization for Chartered and Professional Accountants ("SOCPA") and the applicable requirements of the Regulations for Companies and the Company's By-Laws.

The Company's financial statements for the period from June 8, 2023 (the date of issuing commercial register) to December 31, 2023 are the first annual statements issued by the management of the company in accordance with the By-Laws, which is from June 8, 2023 to December 31, 2023, therefore no comparative figures have been presented.

Assets and liabilities in the statement of financial position are presented in order of liquidity.

2-2 Basis of measurement

These financial statements have been prepared under historical cost convention using going concern basis, which contemplates the realization of assets and settlement of liabilities in the normal course of business. Moreover, these financial statements are prepared using accrual basis.

2-3 Functional and presentation currency

These financial statements are presented in Saudi Riyal, unless otherwise stated. The Saudi Riyal is the functional and presentation currency of the Company.

2-4 Accounting estimates and judgements

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

Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

2- BASIS OF PREPARATION (CONTINUED):

2.4 Accounting estimates and judgements (Continued)

Judgements
In the process of applying the company accounting policies, management has made judgments that have a material impact on the amounts included in the financial statements, such as the concept of going concern accounting.

Uncertainty of estimates and assumptions
Information about estimates and assumptions about uncertainty that have risks that may have a material impact on the amounts included in the company's financial statements are as follows:

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

The useful lives and residual values of the Company's assets are determined by management based on technical evaluation at the time the asset is acquired and reviewed annually for appropriateness. The lives are based on historical experience with similar assets as well as anticipation of future events which may impact their lives such as changes in technology.

Interest rate used to determine the carrying amount of the lease liabilities
The determination of the lease liabilities depends on certain assumptions, which include selection of the interest rate. The lease liability is initially measured at present value of the lease payments that are not paid at the commencement date, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, the Company's incremental borrowing rate. Generally, the Company uses its incremental borrowing rate as the discount rate.

Significant assumptions are required to be made when setting the criteria for bonds to be included in the population from which the yield curve is derived. These assumptions are considered to be a key source of estimation uncertainty as relatively small changes in the assumptions used may have a significant effect on the Company's financial statements within the next year. Further information on the carrying amounts of the lease liabilities and the sensitivity of those amounts to changes in interest rate are provided in notes of these financial statements.

Discount rate used to determine the carrying amount of the employees' defined benefit obligations
The determination of the employees' defined benefit obligation depends on certain assumptions, which include selection of the discount rate. The discount rate is set by reference to market yields at the end of the reporting period on high quality corporate bonds.

Significant assumptions are required to be made when setting the criteria for bonds to be included in the population from which the yield curve is derived. These assumptions are considered to be a key source of estimation uncertainty as relatively small changes in the assumptions used may have a significant effect on the Company's financial statements within the next year. Further information on the carrying amounts of the employees' defined benefit obligation and the sensitivity of those amounts to changes in discount rate are provided in notes of these financial statements.

Zakat provision
The Company's current zakat provision relates to management's assessment of the amount of zakat payable on open zakat positions where the liabilities remain to be agreed with ZATCA. Due to the uncertainty associated with zakat, there is a possibility that, on conclusion of open zakat assessments at a future date, the final outcome may differ significantly.

3- NEW STANDARDS, AMENDMENTS TO STANDARDS AND INTERPRETATIONS

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

Amendments to IAS 1 and IFRS Practice Statement 2 "Disclosure of Accounting Policies"
The amendments require that an entity discloses its material accounting policies, instead of its significant accounting policies.

Amendments to IAS 8 "Definition of Accounting Estimates"
The amendments replace the definition of a change in accounting estimates with a definition of accounting estimates. Under the new definition, accounting estimates are “monetary amounts in financial statements that are subject to measurement uncertainty”. Entities develop accounting estimates if accounting policies require items in financial statements to be measured in a way that involves measurement uncertainty. The amendments clarify that a change in accounting estimate that results from new information or new developments is not the correction of an error.

Amendments to IAS 12 "Deferred Tax related to Assets and Liabilities arising from a Single Transaction"
The amendments clarify that the initial recognition exemption does not apply to transactions in which equal amounts of deductible and taxable temporary differences arise on initial recognition.

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

3.2 Standards issued but not yet effective

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

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

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

Amendments to IAS 1 "Classification of Liabilities as Current or Non-Current" and "Non-current Liabilities with Covenants"
The amendments aim to promote consistency in applying the requirements by helping companies determine whether, in the statement of financial position, debt and other liabilities with an uncertain settlement date should be classified as current (due or potentially due to be settled within one year) or non-current. The amendment also clarifies how conditions with which an entity must comply within twelve months after the reporting period affect the classification of a liability.

Amendments to IFRS 16 "Lease Liability in a Sale and Leaseback"
The amendment clarifies how a seller-lessee subsequently measures sale and leaseback transactions that satisfy the requirements in IFRS 15 to be accounted for as a sale.

Amendments to IAS 7 and IFRS 7 "Supplier Finance Arrangements"
The amendments add disclosure requirements, and ‘signposts’ within existing disclosure requirements, that ask entities to provide qualitative and quantitative information about supplier finance arrangements.

Amendments to IAS 21 "Lack of Exchangeability"
The amendments contain guidance to specify when a currency is exchangeable and how to determine the exchange rate when it is not.

4- SUMMARY OF MATERIAL ACCOUNTING POLICIES

The following is a summary of material accounting policies applied by Company in preparing these financial statements:

Fair value measurement

The Company measures financial instruments, such as financial derivatives, at fair value at each statement of financial position date. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between 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 economic best interest. A fair value measurement of a non-financial asset considers 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 Company 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 described, as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

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

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

Impairment of non- financial assets

The Company assesses at the date of preparing the financial statements whether there is an indication that the value of an asset may be impaired. If any such indication exists, or when annual impairment testing for an asset is required, the Company estimates the asset's recoverable amount. The recoverable amount of an asset is the fair value of the asset or cash-generating unit (CGU) less cost to sell or the value in use of the asset, which is higher. It is specified for a single asset unless the asset generates cash flows that are not significant independent of the flows generated by other assets or Company's assets and the carrying amount of an asset or cash-generating unit exceeds (CGU) its recoverable amount, the value of the asset must be decreased to its recoverable amount.

In determining value in use, the future cash flows deducted to their present value using a pre-tax discount rate that reflects market assessments of the time value of money and the risks related to the asset. In determining fair value less costs to sell, new market transactions are considered, when available, or an appropriate valuation model is used. These values are verified by comparing them with the valuation multiples and the prices of the listed shares of the subsidiaries offered for public trading or through any other fair value indicators.

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

4- SUMMARY OF MATERIAL ACCOUNTING POLICIES (CONTINUED)

Impairment of non- financial assets (Continued)
Impairment losses from continuing operations are recognized in the statement of comprehensive income within the expenses appropriate to the function of the assets that have impaired. An assessment is made at each reporting date to determine whether there is any indication that previously recognized impairment losses for non-financial assets, other than goodwill, no longer exist or have decreased. The reversal of the impairment loss is recognized in the statement of comprehensive income.

Cash and cash equivalents
Cash and cash equivalents consist of cash balances at banks and in hand, and short-term deposits with high liquidity with original maturities of three months or less from the purchase date.

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

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

Property and equipment
Property and equipment are stated at cost, net of accumulated depreciation and / or accumulated impairment losses, if any. Projects under construction and lands are not depreciated, if any. Such costs include the cost of replacing part of the property and equipment and borrowing costs for long-term construction projects, if the recognition criteria is met. When significant parts of property and equipment are replaced at certain intervals, the Company recognizes those parts as individual assets with a definite useful life and depreciation. All other repair and maintenance costs are recognized in the statement of comprehensive income as incurred.

The property and equipment are depreciated on a straight-line basis over the estimated useful lives as follows:

Asset category	Useful life (in Years)
Computer hardware	4
Office equipment	4
Furniture and fixtures	5

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

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

Intangible assets
Intangible assets acquired separately are measured at initial recognition at cost. It represents the cost of intangible assets acquired in a business combination at their fair value at the acquisition date. After initial recognition, intangible assets are carried at cost less accumulated amortization and accumulated impairment losses, if any. Internally developed intangible assets are not capitalized, except development costs, are capitalized and expenses are charged to a statement of comprehensive income for the year in which they are incurred.

The useful lives for intangible assets are classified as “finite” or “infinite”. For intangible assets with a finite useful life, they are amortized over the period of their economic useful life. Impairment in value in value is assessed when there is an indication of the probability of impairment in the value. The amortization period and the amortization method for intangible assets with finite useful life are reviewed at least at the end of each reporting period.

4- SUMMARY OF MATERIAL ACCOUNTING POLICIES (CONTINUED)

Intangible assets (Continued)
Changes in the expected useful life or expected manner in order to take advantage of the future economic benefits implicit in the asset by chancing the period or amortization method, when necessary and is treated as changes in accounting estimates. Intangible assets with finite useful life are recognized in the statement of comprehensive income in the expense category in line with the function of those intangible assets.

For intangible assets with an indefinite useful life, they are not amortized, but they are tested for impairment in value annually either individually or cash-generating unit (CGU) level. The assessment of the indefinite useful life is reviewed annually to determine whether the use of an indefinite useful life is still justified. In the case of the not continuing these justifications, the estimate of the useful life is changed to a finite useful life on a prospective basis.

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

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

Company as a lessee
The lease is recognized as a right-of-use asset with its corresponding obligations on the date that the leased asset is ready for use by the Company. Each lease payment is allocated between the obligation and the financing cost.

The finance cost is recognized in the statement of comprehensive income over the lease term. Right-of-use assets are depreciated over the useful life of the asset and the lease term, whichever is shorter, and on a straight-line basis.

Right-of-use assets are initially measured at cost and consist of the following:

- The initial measurement amount of the lease obligation,
- Any lease payments made on or before the lease commencement date minus any lease incentives received,
- Any initial direct costs, and
- Recovery costs, when applicable.

Lease liabilities contracts
On the inception date of the lease, the Company records the lease obligations measured at the present value of the lease payments made over the term of the lease. Lease payments include fixed payments (including substantially fixed payments) less any lease incentives receivable and variable rent payments based on an index or rate, and amounts expected to be paid under residual value guarantees.

The lease payments include the price to exercise the purchase option when there is reasonable certainty that the Company will exercise it and payments for penalties for canceling the lease if the terms of the lease provide for the Company to exercise the option to cancel. For variable lease payments that are not dependent on an index or rate, they are recorded as an expense in the period in which the payment is made.

Lease payments are discounted using the interest rate included in the lease or the Company's increased borrowing rate.

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

4- SUMMARY OF MATERIAL ACCOUNTING POLICIES (CONTINUED)

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

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

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

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

Financial Instruments
Financial instrument is a contract creates financial assets for one entity and financial liabilities and equity for another entity.

Financial assets

Initial recognition and measurement
Financial assets are classified on initial recognition as being subsequently measured at amortized cost, at fair value through other comprehensive income, or at fair value through profit or loss. All financial assets are recognized on initial recognition at fair value plus transaction costs, unless the financial assets are recorded at fair value through profit or loss.

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

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

Derecognition of financial asset
Financial asset is derecognized only when:

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

If the Company has transferred its rights to receive cash flows from an asset or has entered into a transfer agreement, it assesses to what extent it retains the risks and rewards associated with the asset.

An asset is recognized to the extent that the Company’s relationship with it continues if it has neither transferred nor retained all the risks and benefits associated with the asset nor transferred its right to control it.

4- SUMMARY OF MATERIAL ACCOUNTING POLICIES (CONTINUED)

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

The provision for expected credit losses is recognized in two stages. For a credit exposure that has not experienced a significant increase in credit risk since initial recognition, ECLs are recognized for the credit risk arising from a potential default within 12 months (12-month expected credit losses). For a credit exposure that has experienced a significant increase in credit risk since the initial recognition, an allowance for expected credit losses must be recognized over the remaining life of the exposure, regardless of the timing of default (lifetime expected credit losses). For trade debtors, the Company applies a simplified approach to the calculation of expected credit losses. Therefore, the Company has used a provision matrix that is based on its historical experience of credit losses, which has been adjusted for future factors specific to the debtors and the economic environment.

Financial liabilities

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

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

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

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

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

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

Expenses
General and administrative expenses include direct and indirect expenses that are not directly related to cost of revenues in accordance with generally accepted accounting standards. Allocations of common expenses between selling and marketing and general and administrative expenses, when required, are made on a consistent basis.

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

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

4- SUMMARY OF MATERIAL ACCOUNTING POLICIES (CONTINUED)

Provisions - General

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

Foreign currency transactions

Foreign currency transactions are translated into the functional currency using the exchange rates at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation of monetary assets and liabilities denominated in foreign currencies at year end exchange rates are generally recognized in statement of comprehensive income.

5- CASH AND CASH EQUIVALENTS

	(Saudi Riyal) 2023
Islamic short term deposits (A)	**92,000,000**
Cash at banks (B)	**2,655,753**
Cash in hand	**2,849**
Total	**94,658,602**

(A) Islamic short term deposits represent short term deposits with commercial banks with an average rate of return of 5.9 % per annum. During the period, the Company has earned the profit of 3,739,536 Saudi Riyal. The profit receivables as of December 31, 2023 on these term deposits amounts to 735,297 Saudi Riyal (Note 6).

(B) Cash at banks comprises of current account balances held with local banks having sound credit ratings.

6- PREPAID EXPENSES AND OTHER CURRENT ASSETS

	(Saudi Riyal) 2023
Prepayments for IT related services (A)	**1,482,286**
Profit on Islamic short term deposits receivables (Note 5)	**735,297**
Other prepaid expenses	**472,659**
Total	**2,690,242**

(A) These relates to prepayments against IT services being taken by a Company from a related party, Information Technology Integrated Solutions (Note 15).

7- PROPERTY AND EQUIPMENT

	(Saudi Riyal)			
	Computer Hardware	**Office equipment's**	**Furnitures and fixtures**	**Total**
Cost:				
Additions	**224,066**	**10,143**	**4,934**	**239,143**
As of December 31, 2023	**224,066**	**10,143**	**4,934**	**239,143**
Accumulated depreciation				
Charged during the period (Note 14)	**12,640**	**623**	**10**	**13,273**
As of December 31, 2023	**12,640**	**623**	**10**	**13,273**
Net book value:				
As of December 31, 2023	**211,426**	**9,520**	**4,924**	**225,870**

8- RIGHT OF USE ASSETS AND LEASE LIABILITIES

The rights of use assets have been measured at an amount equal to the lease liabilities and adjusted for the amounts of lease payments due related to those lease contracts recognized in the statement of financial position. The following are the book values of the assets of the right of use assets, the obligations of the company's leases and movements during the period:

Right of use assets:

	(Saudi Riyal)
	2023
Cost:	
Additions	**5,855,617**
Balance at the end of the period	**5,855,617**
Accumulated depreciation:	
Charged during the period (Note 14)	**731,952**
Balance at the end of the period	**731,952**
Net book value at the end of the period	**5,123,665**

Lease liabilities:

	(Saudi Riyal)
	2023
Additions	**5,855,617**
Finance cost charged during the period	**137,477**
Paid during the period (Note 15)	**(1,600,000)**
Balance at the end of the period	**4,393,094**

9- INTANGIBLE ASSETS

	(Saudi Riyal)	
	Projects under development (*)	**Total**
Cost:		
Additions	**2,212,820**	**2,212,820**
As of December 31, 2023	**2,212,820**	**2,212,820**
Net book value:		
As of December 31, 2023	**2,212,820**	**2,212,820**

(*) The project underdevelopment represents the amounts paid for IT infrastructure and systems to be used in the Company's operation.

10- SHARE CAPITAL

The share capital of the Company amounting to SR 100 million, divided into 10 million shares and issued shares of SR 10 each share, distributed among the shareholders as follows:

			(Saudi riyal)
Shareholder name	**Number of shares**	**Value of share**	**Total amount**
Alpha United Investment Company	**3,000,000**	10	**30,000,000**
National Trust Investment - Oman	**3,000,000**	10	**30,000,000**
Abdulmohsen AbdulRahman Al Sowailem	**3,000,000**	10	**30,000,000**
Sultan Saleh Al Musabhi	**600,000**	10	**6,000,000**
Fahad Saleh Al Musabhi	**400,000**	10	**4,000,000**
Total	**10,000,000**		**100,000,000**

11- ACCRUED EXPENSES AND OTHER CURRENT LIABILITIES

	(Saudi Riyal)
	2023
Accrued expenses	**105,777**
Employees related accruals	**158,791**
GOSI payable	**49,297**
Others	**33,858**
Total	**347,723**

12- ZAKAT PROVISION

Zakat provision is calculated at the year end of each year in accordance with the regulations of the Zakat, Tax and Customs Authority (ZATCA). The zakat provision shall be recorded at the end of the financial year within the items of comprehensive income and the differences resulting from the final assessment are recognized within the same item in the year in which the zakat assessment is approved. This is the first financial statements of Company since the issuance of commercial registration hence there is no zakat assessment as of period end.

The movement in zakat provision as follows:

	(Saudi Riyal)
	2023
Charged during the period	**16,355**
Balance at the end of the period	**16,355**

13- EMPLOYEES' DEFINED BENEFITS OBLIGATIONS

The Company policy states that employees defined benefits obligations is payable to all employees who complete the qualifying service period under the labor law in the Kingdom of Saudi Arabia. The annual provision is based on the actuarial valuation. The actuarial valuation carried out by an independent expert assigned by the Company's management, using the Actuarial Projected Unit Credit Method as of December 31, 2023. The movement in employees' defined benefits obligations during the period was as follows:

	(Saudi Riyal)
	2023
Current service cost	**89,438**
Paid during the year	**(833)**
Balance at the end of the period	**88,605**

Main actuarial assumptions and sensitivity analysis:

	2023
Discount rate	**5.4%**
Salary growth rate	**3.5%**
Normal retirement age	**60 years**

Assumptions regarding future mortality are set based on actuarial advice in accordance with the published statistics and experience in the region.

Sensitivity analysis

Reasonably possible changes at the reporting date to one of the relevant actuarial assumptions, holding other assumptions constant, would have affected the defined benefit obligation by the amount shown below:

	(Saudi Riyal)
	2023
Discount rate (1% increase)	**(79,175)**
Discount rate (1% decrease)	**(99,622)**
Salary growth rate (1% increase)	**(99,725)**
Salary growth rate (1% decrease)	**(78,928)**
Withdrawal rate (20% increase)	**(86,262)**
Withdrawal rate (20% decrease)	**(90,807)**
Mortality rate (20% increase)	**(88,583)**
Mortality rate (20% decrease)	**(88,628)**

13- EMPLOYEES' DEFINED BENEFITS OBLIGATIONS (CONTINUED)

Risks associated with employee defined benefit obligations:

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

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

14- GENERAL AND ADMINISTRATIVE EXPENSES

	(Saudi Riyal) **For the period from June 8, 2023** (The date of issuing commercial registration) **to December 31, 2023**
Salaries, wages and other benefits	**1,958,850**
Depreciation on right of use assets (Note 8)	**731,952**
IT related expenses	**534,303**
Utilities	**69,401**
Professional fee	**63,250**
Bank charges	**36,990**
Government fees	**36,449**
Pre-operating expenses (Note A)	**33,632**
Depreciation on property and equipment (Note 7)	**13,273**
Others	**42,182**
Total	**3,520,282**

(A) These relates to expenses pertaining to incorporation of Company.

15- RELATED PARTIES TRANSACTION

Related parties represent the directors and key management personnel of the Company, and entities controlled or significantly influenced by such parties. Prices and terms of payment for transactions with related parties are approved by the shareholders of the Company. Transactions with related parties are under normal course of business.

Significant related party transactions held during the period are as follows:

Name of related party	**Type of relationship**	**Nature of transaction**	(Saudi Riyal) **2023**
Information Technology Integrated Solutions	Affiliate	Operating	**1,683,249**
Alpha united Investment Company	Shareholder	Lease payment	**1,600,000**
Integrated Marketing Advertising Company	Affiliate	Operating	**216,612**
Integrated International Power Company	Affiliate	Operating	**10,774**

Remuneration to key management
Compensation of the executive management personnel includes salaries, non-cash benefits and contributions to long-term employment benefits. Compensation and benefits for senior executive management personnel includes the following:

	(Saudi Riyal) **2023**
Compensation of key management personnel of the Company	**1,755,667**
Total	**1,755,667**

16- CONTINGENCIES AND COMMITMENTS:

There are no continencies and commitments at period end.

17- FINANCIAL INSTRUMENTS

Financial instruments risk management objectives and policies

The Company's principal financial liabilities comprise of lease liabilities and accrued expenses and other current liabilities. The main purpose of these financial liabilities is to finance the Company's operations. The Company's principal financial assets include cash at banks and other current assets that derive directly from its operations.

The Company is exposed to market risk, credit risk and liquidity risk. The Company's senior management oversees the management of these risks. The Company's senior management is supported by a financial risk committee that advises on financial risks and the appropriate financial risk governance framework for the Company.

The financial risk committee provides assurance to the Company's senior management that the Company's financial risk activities are governed by appropriate policies and procedures and that financial risks are identified, measured and managed in accordance with the Company's policies and risk objectives. The Board of Directors reviews and agrees policies for managing each of these risks, which are summarized below:

Market Risk

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risk comprises three types of risk: interest rate risk, foreign currency risk and price risk, such as equity price risk and commodity risk.

Foreign currency risk

Foreign currency risk arises mainly where receivables and payables exist due to transaction in foreign currency. Currently, the Company is not exposed to currency risk since there are no foreign currency transactions and balances at the reporting date.

Price risk

Price risk represents the risk that the fair value of a financial instrument will fluctuate because of changes in the market prices (other than those arising from interest/ mark up rate risk or currency risk), whether those changes are caused by factors specific to the individual financial instrument or its issuer, or factors affecting all or similar financial instruments traded in the market. The restriction of floor prices reduces the volatility of prices of equity securities and the chances of market crash at any moment. The Company is not exposed to the price risk because Company does not hedge in any commodity market nor it has any investments in equity instruments.

Interest rate risk

Interest / mark-up rate risk is the risk that value of a financial instrument or future cash flows of a financial instrument will fluctuate due to changes in the market interest / mark-up rates. The Company have any no floating rate borrowing arrangements.

Credit risk

Credit risk is the risk that one party to a financial instrument will fail to discharge an obligation and cause the other party to incur a financial loss, without taking into an account the fair value of any collateral. Concentration of credit risk arises when a number of counter parties are engaged in similar business activities or have similar economic features that would cause their ability to meet contractual obligations to be similarly affected by changes in economic, political or other conditions. Concentrations of credit risk indicate the relative sensitivity of the Company's performance to developments affecting a particular industry.

Credit risk of the Company arises from cash balance with banks. The carrying amount of financial assets represents the maximum credit exposure. To reduce the exposure to credit risk, the Company has developed its own risk management policies and guidelines. The management continuously monitors the credit exposure towards the customers and makes provision against those balances considered doubtful of recovery.

The Company's management, as part of risk management policies and guidelines, reviews clients' financial position, considers past experience, obtain authorized approvals and arrange for necessary collaterals. Further, credit risk on liquid funds is limited because the counter parties are banks with reasonably high credit ratings.

17- FINANCIAL INSTRUMENTS (CONTINUED)

Financial instruments risk management objectives and policies (Continued)

Credit risk (Continued)
The Company's policy is to enter into financial contracts in accordance with the internal risk management policies, investment and operational guidelines approved by the Board of Directors.

The carrying amount of financial assets represent the maximum credit exposure at the reporting date, which are detailed as follows:

	(Saudi Riyal) 2023
Financial assets	
Financial assets at amortized cost	
Cash at banks	**2,655,753**
Islamic short term deposits	**92,000,000**
Total	**94,655,753**

The maximum exposure to credit risk is for cash at banks and balances with other banks with which the Company has maintained balances and banks are of sound credit rating and no ECL is recorded since impact of ECL is immaterial.

Liquidity risk
Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they fall due. Prudent liquidity risk management implies maintaining sufficient cash and marketable securities, the availability of adequate funds through committed credit facilities and the ability to close out market positions due to dynamic nature of the business. The Company finances its operations through equity and working capital with a view to maintaining an appropriate mix between various sources of finance to minimize risk. The management aims to maintain flexibility in funding by keeping regular committed credit lines. The following are the contractual maturities of financial liabilities, including estimated interest payments:

	(Saudi Riyal) 2023			
	Carrying amount	**Contractual cash flow**	**Up to one year**	**More than one year**
Lease liabilities	**4,393,094**	**4,393,094**	**1,377,648**	**3,015,446**
Accrued expenses and other current liabilities	**347,723**	**347,723**	**347,723**	**-**
Total	**4,740,817**	**4,740,817**	**1,725,371**	**3,015,446**

18- FAIR VALUE
All financial assets and liabilities of the Company are not measured at fair value, as they are measured at amortized cost.

19- SUBSEQUENT EVENTS
As per management opinion, there are no significant subsequent events since the period ended that could have a material impact on the financial position of the Company or the results of its operations.

20- APPROVAL OF THE FINANCIAL STATEMENTS
These financial statements have been approved and authorized for issue by the Board of Directors on Ramadan 15, 1445 H (Corresponding to Macrh 25, 2024).