



شركة العرض المتقن
Perfect Presentation

ANNUAL REPORT 2022



Leveraging
Success
**Maximising
Returns**



At a Glance

History

Established as a private company in Riyadh in 2004, Perfect Presentation (2P) set out to innovate cutting-edge communications technology and software solutions. Underpinned by a strategic focus on the in-house development of technical and digital transformation services, 2P rapidly established itself as a leading, trusted provider of comprehensive, integrated information and communication technology (ICT) services.

2P provides a wide range of comprehensive ICT services and solutions to its clients through three integrated business units: the Software Development Unit, Operation and Maintenance Unit, and Customer Experience Unit.

The Business Units operate in an interconnected and robust environment to provide comprehensive and integrated solutions with the highest quality and excellence standards.



The Software Development Unit provides software design, development and management services and specialised electronic platforms to clients.



The Operation and Maintenance Unit provides organisations with qualified and trained technical labour to meet their technical skills requirements, including preventative and corrective maintenance services for their data centres.



The Customer Experience Unit offers several services related to the management and operation of call centres and customer services through the management of all communication channels, including digital and social media.

Financial highlights

In a landmark year that saw 2P list on the Saudi Exchange (Tadawul), the Company delivered significant project growth and revenue growth across all three lines of business, securing a historic backlog that reached SAR 1.73 billion by year-end.

SAR Million	FY 22	FY 21	% Change
Revenue	927	655	41%
Gross Profit (Loss)	180	116	56%
EBITDA	145	91	59%
Net Profit (Loss)	131	81	63%

41 %

YoY revenue growth

59 %

EBITDA CAGR FY19 - FY22

SAR
927 million
Revenue

SAR
131 million
Net profit

SAR
807 million
Total liabilities and equity

Operational highlights

2P also launched a new product called Contracting Business ERP, a software solution to automate the business operations of contracting business from lead to collection including the management of human resources information and contracts, customers and suppliers, sales leads through sales channels until being converted into contract to be delivered, invoiced and collected.

SAR 1.73 billion

Backlog
Increasing significantly by 55% YoY

Partnerships

In 2022 2P signed a series of strategic partnerships designed to accelerate product development, innovation, and market reach. These included new technical development collaborations with Alcatel Lucent and Nokia, Life Ray, Next Think, Huawei, and Content Square, which were chosen because of their natural synergies with 2P and market-leading positions.

The Company's joint strategic agreement with Huawei sets out to transfer knowledge and widen access to scientific and practical expertise in network infrastructure solutions, modern data centre systems, digital interfacing, and renewable energy.

Awards and recognitions

As a leading ICT innovator, 2P has received multiple awards throughout its history.



The Genesys Best Partner Award
in providing services to the public sector in 2019



The Best Strategic Partner Award in 2020



Insights Award for the best service provider
operating large-scale call centres in the Middle East

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Since 2004, 2P has broken new ground in the development of advanced ICT services and products, fueling the digital economy and empowering local and national value chains.

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Perfect Presentation
2P

Overview

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About 2P

Business overview

2P operates as a provider of comprehensive services and solutions in information and communication technology (ICT). It delivers its services through three integrated business units.

Each of the Company's business units covers a vital segment within the ICT sector, each operating in an interconnected and robust environment to provide technology solutions of the highest quality and standards of excellence.

Since it was established in Riyadh in 2004, the scope of the Company's business has evolved to become a highly regarded Company that provides an advanced and diverse suite of products and services, which reflect the rapidly changing nature of the ICT sector. Moreover, through close partnerships with multiple public sector bodies, they reflect the Company's ability to flex in response to the Kingdom of Saudi Arabia's rapidly evolving economy.

Business units

Software Development Unit

The Software Development Unit provides organisations with software design, development and management services and specialised electronic platforms. Every product and service follows best practices and methodologies in software development and the management of software development projects. The Software Development Unit services provided through this unit are divided into two parts:



Custom Application Development (CAD)

Within the Software Development Unit, the Custom Application Development business provides software development services to public and private sector organisations through multiple technologies that suit the client's needs. As a Gold Partner to some of the largest software technology providers in the world - including Microsoft, Oracle and Software AG - the Company can provide optimal solutions to clients without relying on specific technologies or technology providers by adopting best practices and methodologies in software development.



Decision Support Systems

The Decision Support Systems business provides data collection and analysis services through the configuration and installation of a group of specialised software packages. It also provides support services that help organisations' digital transformation decision-making. To do so, the Company leverages advanced services and software such as big data analysis, business intelligence and analysis, and the management of software performance and digital customer experience.

Gold Partner

Microsoft, Oracle & Software AG



Operation and Maintenance Unit

The Operation and Maintenance Unit provides organisations with qualified and trained technical labour to meet their needs for highly skilled and capable ICT personnel. It also provides preventative and corrective maintenance services and managed information technology services for data centres. The Operation and Maintenance Unit services are divided into two parts:



Business support services for IT systems

The Company supports organisations' IT systems by employing qualified and experienced IT professionals to manage and operate their IT units. This work requires continuous training so that all deployed personnel are fully qualified and able to respond to a changing IT landscape.



Managed IT services

Due to the shift in market needs and the tendency to outsource IT in particular, the Company is considered a pioneer in providing managed services to its clients. Its competitive edge stems from its approach to managing software by providing and implementing management needs, including preventative and corrective maintenance of data centres by assigning the entire client information technology work to the Company's technical team.

The services include, but are not limited to, the following:

Preventative maintenance

The regular and routine maintenance of IT assets, including infrastructure, networks, applications and off-the-shelf software.

Corrective maintenance

A dynamic approach to maintaining IT assets using methods that rely on live and historical data to continuously analyse the state of equipment, infrastructure and software components.



Customer Experience Unit

The Customer Experience Unit provides customer journey design and development services in addition to solutions related to the management and operation of contact centres and customer service across multiple communication channels. This includes contact centres, digital channels and social media platforms.



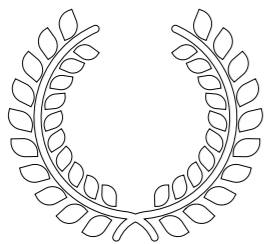
Business Process Outsourcing (BPO)

The Company's BPO business is responsible for customer care services, including managing and executing customer service activities across all channels. These include phone calls, social media, interactive chat, and web and email channels. BPO services include design, implementation, recruitment, training, operation, quality assurance, auditing, manpower management, and communication services.



Technology Solutions

The Company is distinguished by its Gold Partnership status with Genesys, a leading company in the global market, which contributes to providing the Company with a customer experience platform as a technology provider that provides technology allowing communication with customers and evaluation of customer experiences.



Gold Partnership
Genesys

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Products

The Company offers a number of solutions and products in various IT fields, including:



Yamamah

Yamamah provides text messaging services (Bulk SMS) to government and private institutions in various sectors. Bulk SMS services are one of the easiest, fastest, most effective and least expensive methods for information exchange and notifications. Through Yamamah, organisations can communicate the information they want at the appropriate time reliably and securely.



Wesal

Wesal provides businesses with cloud-based voice communications solutions that integrate multiple communication methods such as telephone, fax, conference calls, messaging and SMS systems. Designed to enrich employee communications, Wesal is easily integrated into an organisation's existing IT infrastructure, allowing businesses to keep employees in constant contact with the organisation and its clients from any place and at any time. The service is considered the first of its kind in the Middle East and North Africa.



Perfect Engage

Launched in 2022, Perfect Engage is the culmination of several years of in-house product development. Perfect Engage is an enterprise communication application for internal communications. Utilising end-to-end encryption and on-premises data, the mobile app is supported through iOS and Android and is designed to integrate seamlessly into an organisation's existing internal ICT infrastructure. The product - designed to look and feel like a WhatsApp experience - is sold 'off-the-shelf' or as a white-labelled application that supports rich content, including text, audio, videos, and multiple format sharing.

TARASUL

Tarasul

Tarasul provides organisations with the best educational and entertainment content services, interactive SMS services and waiting tone services. The interactive SMS service on mobile phones allows the establishment of a communication channel via SMS between clients and their audiences.



Market Leadership

The digital transformation of the Saudi economy has created many opportunities in recent years. With the Government moving towards digitisation across different sectors, creating a basic digital infrastructure that enables the digital economy has been a vital goal for the Kingdom. 2P is leading this national evolution through the innovation of advanced digital services and products specifically designed to facilitate the acceleration of the Kingdom of Saudi Arabia's digital economy.

Market outlook

Given the fundamental role that digital technologies are playing in the development of the Kingdom of Saudi Arabia's economy, software, cloud services, and specialised IT will be among the main drivers of ICT spending growth in the country for many years to come.

Government spending on IT accounts is the largest share of the total enterprise IT market in the Kingdom of Saudi Arabia, followed by the telecommunications and media sector, banking, financial services, insurance, manufacturing and resource sectors. The oil and gas, banking, financial services and insurance sectors have long been among the leading sectors with regard to technology adoption as they continue to invest in cutting-edge technologies, such as big data, analytics, cloud computing, and advanced security solutions. With a leading market position, 2P is ideally placed to continue to play a leading role in the development of the national digital economy.

Drivers of the Kingdom of Saudi Arabia's digital economy

- ◆ National policies (data centres, cloud computing, cybersecurity, artificial intelligence, information and communication technology).
- ◆ Hyper expansion in the field of computing in the Kingdom. International investment flow led by the G20.
- ◆ Increasing investments in smart cities and mega-projects.
- ◆ Regulatory clarity for crucial technology sectors such as cloud computing, artificial intelligence and security.
- ◆ Increased spending on emerging technologies, including 5G technologies.
- ◆ Innovation to keep pace with the long-term conditions of the COVID-19 pandemic and the resulting obstacles to communication, mobility, and remote working, amongst others.



Growth opportunities

As the Kingdom of Saudi Arabia's economy becomes increasingly diversified and digitally driven, the Company faces enormous opportunities for innovation and development. Across multiple vertical industry sectors – including the vast government sector – 2P has the potential to deliver significant growth across all its business units. Following the listing on the Saudi Exchange and as part of its commitment to maximising Shareholder returns, the Company is strategically geared towards investigating and investing in many of the following ICT areas:



Data economy

A data-driven approach is being adopted to achieve higher levels of efficiency in government operations and enhance evidence-based policy development while considering the Government's tactical and strategic objectives. In addition, government agencies are currently investing in data analytics to enhance mission outcomes. As such, data validation, purification, migration and integration have become a significant enabler of data-driven governance in the Kingdom's journey towards a knowledge-based economy.



Future of work

Organisations in the Kingdom are actively changing workplace, manpower and corporate cultures. It is worth noting that the pace of such strategic initiatives was accelerated only in the wake of the COVID-19 pandemic. Some organisations in the Kingdom considered the "Future of Work" concept as a factor enabling a secure, efficient, dynamic and resilient organisation.



IT services

There is strong demand for professional services such as systems integration, IT consulting, managed services, outsourcing, publishing and support services, proprietary computing and implementation services, with the Kingdom implementing rapidly emerging technologies to improve existing infrastructure.



Managed services

An increasing number of organisations are shifting from the "Self-Reliance" model to the "Reliance on Others" model amid the complexity of managing IT environments, scarcity of skills and the increasing operational cost of IT. The Kingdom's managed services market has witnessed healthy growth and will continue to grow during the forecast period.



Artificial intelligence

The Kingdom's commitment to the transition to a digital economy accelerated, and there has been an uptake of innovative technologies, such as artificial intelligence (AI), cognitive technologies and robotics. Notably, AI and machine learning are being utilised to improve efficiency in many industries, resulting in the emergence of diverse AI use cases.



Cybersecurity

IT markets have gained strong growth in the past few years and given the complexity and sophistication of the growing threats; information security management will continue to be a significant challenge for organisations. In addition, the establishment of the National Cybersecurity Authority based on the recent cyber-attacks in the Kingdom has given increased importance to cybersecurity.



Cloud computing

The cloud computing market will mature as progressive Saudi organisations adopt a "Cloud First Approach". Budgetary constraints and the need for infrastructure flexibility will drive organisations to significantly increase investment in public and hybrid cloud services.



Solutions

An increasing number of organisations are willing to collaborate with service providers who are able to offer solutions, not just independent products or services. Most stand-alone IT products are dedicated to solving any IT problem, while solutions are intended to address any business-related problem, an area in which service providers with solution-delivery capabilities are likely to have an advantage in the future.



Small and Medium Enterprises (SMEs)

SMEs are highly flexible and agile in the usage of technologies, such as cloud services, mobility and the Internet of Things (IoT), which reduce ownership costs and generate multiple cost-savings on infrastructure investments. Unlike mature companies, SMEs are more receptive to revolutionary technologies.

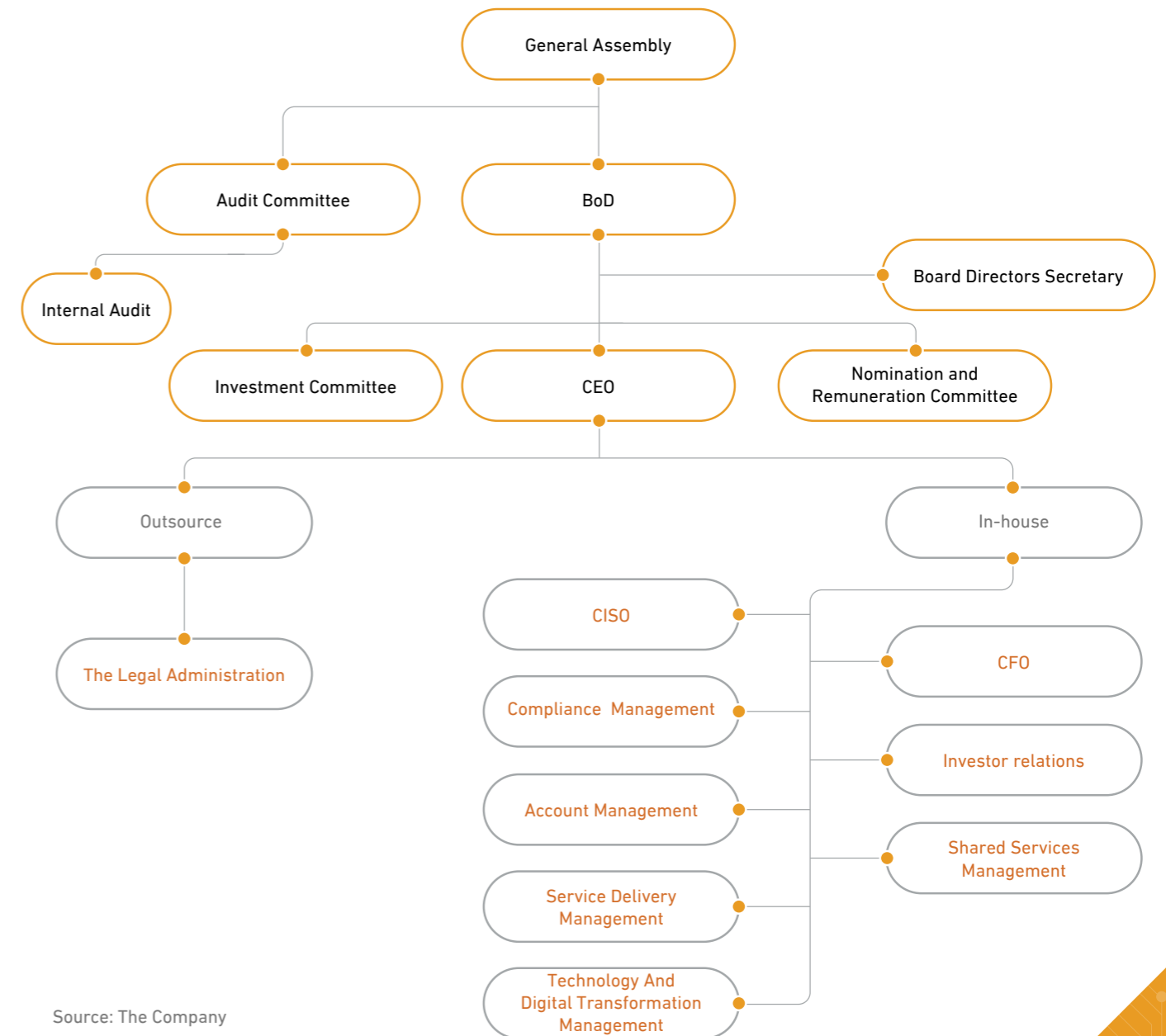


Management and Organisational Structure

The Company's Management Team consists of individuals with high operational experience and executive capabilities gained through extensive interactions with clients during their work with the Company and within the sector, with experience at an average of 17-years in the sector.

The organisational structure of the Company consists of the Board of Directors and the Committees emanating from it and from the General Assembly, namely the Audit Committee and the Nomination and Remuneration Committee.

Under the provisions of the Companies Law and the Company's Bylaws, the Board of Directors is responsible for the overall direction, supervision and control of the Company. The Board of Directors also entrusts the Senior Management of the Company, and in particular the CEO, with the responsibility of managing the general day-to-day business of the Company. The organisational structure is as follows.



Source: The Company

A Breakthrough Year

In a year of historic milestones, 2P accelerated its growth trajectory and closed the year as a publicly listed company with outstanding financial and operational outcomes.



Our growth story

The 2P growth story represents the very best of Saudi enterprise and entrepreneurialism: ambition combined with creativity and an unrelenting focus on innovation. Since its inception in 2004, 2P has broken new ground in the development of advanced ICT services and products, fuelling the digital economy and empowering local and national value chains.

Through its own in-house innovation research and development and through forging powerful, lasting partnerships with some of the world's largest technology companies, 2P has rapidly gained traction as a provider of truly cutting-edge technologies to major government and private sector organisations in the Kingdom of Saudi Arabia. In 2022, the Company accelerated its global reach through new partnerships with a range of companies within which it enjoys natural synergies including Alcatel Lucent, Nokia, Life Ray, Next Think, Dynatrace, Huawei, Oracle, Microsoft, Cisco and Content Square. These strategic partnerships will prove fundamental in the pursuit of new technological developments and market footprint of 2P.

The Company's share of the growing ICT market has grown exponentially in the Kingdom of Saudi Arabia, with its CX revenues enjoying a CAGR of 67% between 2019 and 2021 – and market share up from 3.8% in 2019 to 10.6% in 2021. This growth points towards the success of the Company's strong digital capabilities and its scale, enabling it to offer its clients comprehensive, tailored solutions. Moreover, its growth reflects 2P's ability to identify market gaps and quickly develop solutions to address them. This is why the Company has such a powerful win rate – and how it delivered a historic backlog of SAR 1.73 billion in 2022.



Our IPO

To take advantage of these opportunities and innovate solutions to market gaps, 2P pursued an IPO that saw it begin trading as a public limited company on 16 November, 2022. Having floated 30% of its share capital and with a market capitalisation value at the time of listing of SAR 2.775 billion, the Company trades under the symbol 7204 on the Tadawul.

Following several years of consistent revenue, gross profit and backlog growth, 2P listed on Tadawul in December 2022. This milestone provides the Company with a mandate to propel its future growth in line with market demands and enables it to maintain and enhance its position as a leading ICT company in the Kingdom of Saudi Arabia.

The IPO listed 4,500,000 Offer shares, representing 30% of the Company's issued share capital of 15,000,000 shares. Heavily oversubscribed by 61.4 times, the book-building process completed with an offer price of SAR 185 per share.

As a listed company, 2P now benefits from preferential bidding opportunities for government projects across multiple vertical markets, including defence, healthcare, education, and other important public sector services. The listing has also served to significantly deleverage the Company's balance sheet, leaving it exceptionally well-placed to contribute further to national ICT value chains and economic development. Furthermore, it enables the Company to maintain and enhance its position as a leading ICT company in the Kingdom. In doing so, it will create sustained value for its Shareholders and enrich the national digital landscape.



Our national contribution

This work represents the continuation of a commitment to enriching the digital ecosystem over many years. 2P has played an increasingly important role in providing major public and private sector bodies in the Kingdom of Saudi Arabia with the technological tools and services they need to thrive. The diversity and integration of the Company's existing products and services, and the continuous development of new solutions, means that 2P is the only dedicated ICT provider of its kind in the Kingdom of Saudi Arabia. As such, it has emerged as a crucial driver for the development of the digital economy and its value chains.

As a driver of national economic development, 2P is focused on providing innovative solutions in line with the Kingdom's Vision 2030 and achieving the country's digital transformation goals. It is expected that over the coming years, Vision 2030 will transform the Kingdom into an economy, society, and nation that depends more on digitisation with a continuous expansion in the scope of e-Government – and 2P is the go-to ICT innovator for this expansion.

With a proud heritage, the Company is now perfectly placed to support the country's historic national transformation through the development of advanced technology services and products: exciting new opportunities to help build and sustain smart cities, smart government, giga-projects, utilities, infrastructure development, healthcare, defence, and many more crucial sectors.



Our future role

Looking beyond the milestones of such a breakthrough year, the Company will continue its sharp focus on participating in the development of local content through the participation of Saudi manpower, goods, services, assets, and technology, and through the localisation of technology. The Company is passionately committed to enabling young men and women to benefit from their creativity to create an advanced technological society – so that all those living and working in the country can contribute to the realisation of the Kingdom's Vision 2030.



Theme of the Year

Leveraging Success. Maximising Returns.

Completing a landmark listing on the Saudi Exchange, 2P created significant value for its Stakeholders by increasing market share, building a historic backlog and delivering exceptional financial performance.

After consecutive years of double-digit growth and a historical return on equity, 2P listed 30% of its shares on the Saudi Stock Exchange (Tadawul) in 2022.

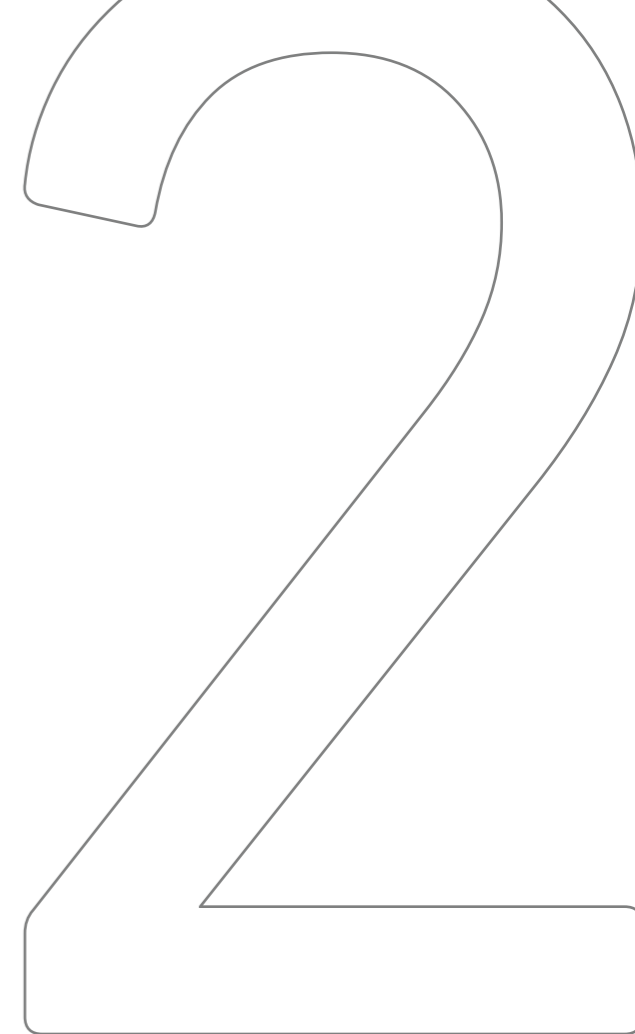
Designed to accelerate the Company's expansion in the Kingdom of Saudi Arabia's fast-growing ICT market, the move coincided with the conclusion of a period of extensive development and the deployment of game-changing new digital products and services.

2P is perfectly positioned to leverage its market-leading enterprise communications solutions and is poised to deliver exceptional value to the Kingdom of Saudi Arabia's most ambitious and transformative public and private sector projects.



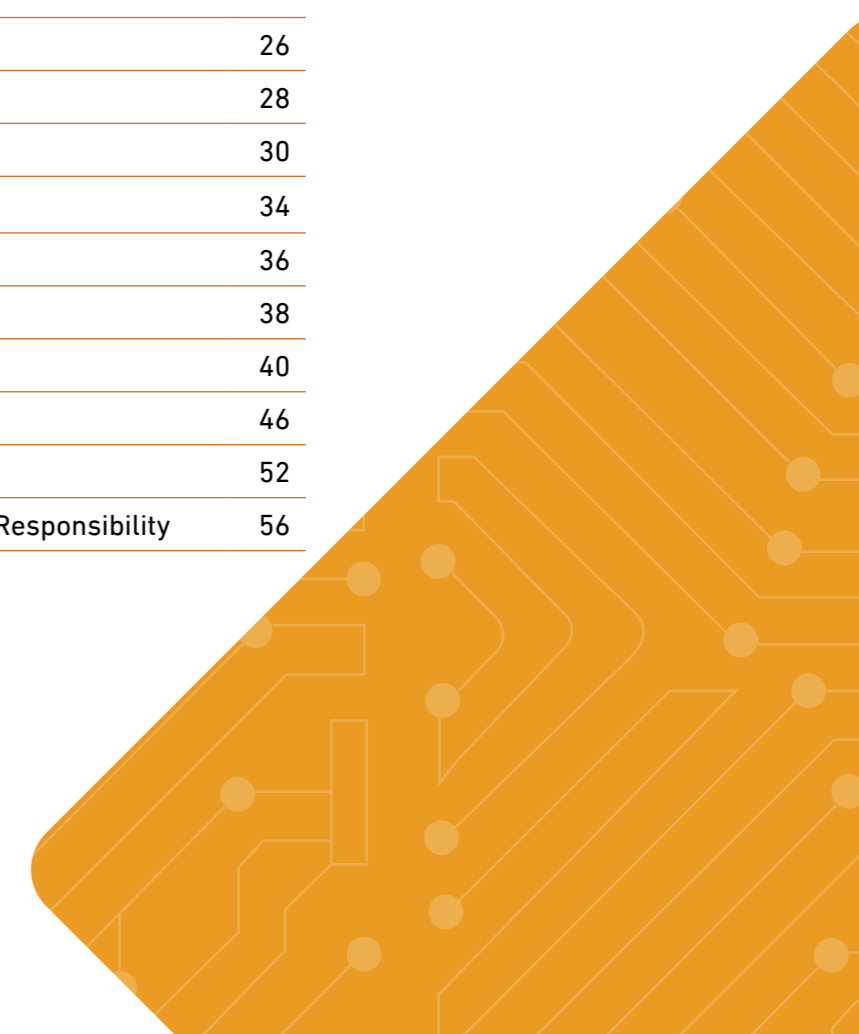
Revenue
SAR **927** million

Net profit
SAR **131** million



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Chairman's Statement

“In a landmark year that saw an outstanding return on equity and a historic backlog, 2P listed on the Saudi Stock Exchange in 2022, providing the Company with a powerful platform for innovation and expansion.”

Nasser Abdullah Mohammed Al-Bassam
Founder and Chairman



I would like to extend a warm welcome to all our Shareholders as I present the Annual Report of the Board of Directors for the financial year 2022.

Within the context of a fast-growing ICT sector in The Kingdom of Saudi Arabia, 2P successfully achieved revenue growth and its largest ever backlog in 2022. These results follow several consecutive years of growth with a 4-year CAGR of 46% between 2019 and 2022. Moreover, in line with topline growth, net profit has increased year-on-year (YoY) and the Company enjoys strong returns with a high average return on equity (RoE).

These core fundamentals are a testament to the deep operational expertise of the Company's Management Team, and the indisputable success and popularity of the Company's products and services.

IPO

As a newly listed company on the Saudi Stock Exchange, 2P is proud to have contributed to the enrichment of the Kingdom's capital markets with a market capitalisation of SAR 2.775 billion at the time of listing. The successful offering followed many years of research and development that now leaves 2P exceptionally well placed to contribute further to national ICT value chains and economic development. Furthermore, it enables 2P to maintain and enhance its position as a leading ICT company in the Kingdom. In doing so it will create sustained value for its Shareholders and enrich the national digital landscape.

Economic contribution

The contribution that 2P is making is driven in part by the objectives of Vision 2030. The Kingdom of Saudi Arabia is moving through a truly transformative moment in its national story and, through our partnerships with several of the Kingdom's most exciting giga-projects, we have been lucky enough to play a formative role in the evolution of multiple key developments. We have seen first-hand what can happen when a strong sense of national purpose succeeds in catalysing home-grown invention. In the coming months and years, 2P will continue to do all it can to create opportunities for Saudi innovators and economic players across national value chains.

Global outreach

While much of the rest of the world grappled with geopolitical and economic uncertainties in 2022, The Kingdom of Saudi Arabia's fast-moving economic development provided a myriad of opportunities for international vendors. 2P signed strategic partnership agreements with several global giants, including Alcatel Lucent, Nokia and Huawei because of their natural synergies and potential for co-creation and mutually beneficial innovation. These partnerships also widen access to a broader

and more diverse network of international vendors during a period of sustained supply-chain disruption.

Product development

Partnerships with both national and international innovators have also supported in-house product development over the past few years, leading to the launch of two transformative new products in 2022. Perfect Engage is a high-value enterprise communication application, several years in the making, that has been extremely well received since its launch. We anticipate that Perfect Engage, alongside the recently launched Contracting ERP solution, will serve as a fundamental driver of growth and profitability in 2023 and beyond.

The Company's mid-term approach to product development will look to capitalise on its deep understanding of the Saudi ICT market. As we look to securing continued growth, the Company's strong digital capabilities and scale will allow it to serve its customers with advanced, comprehensive, tailored solutions that meet their immediate and long term needs.

Acknowledgements

I would like to thank the members of the Board of Directors whose commitment has proven to be so vital to the completion of a landmark IPO. I also extend my gratitude to 2P employees across the entire business whose hard work and creativity have helped to deliver a year of outstanding success.

Finally, on behalf of the Board of Directors, I take the opportunity to express my sincere appreciation to the regulators for their support and guidance in ensuring that the Company's public offering was such a success.

46%
4-year CAGR of 46%
between 2019 and 2022

59%
Market value
The company has 2.775 billion SAR

As a leading ICT provider that has built its success as an innovator of technological customer experience solutions, 2P is well recognised by government and commercial enterprises across the Kingdom of Saudi Arabia. Its performance during a landmark year, that saw the Company listed on the Saudi Stock Exchange, represents a significant breakthrough as it registers a historic fiscal performance.

Historic backlog

Those results include the Company's largest-ever backlog, which increased from SAR 1.1 billion in 2021 to SAR 1.73 billion by year-end 2022. This is a significant outcome made possible by strong sales, favourable vendor and client terms and well-established relationships with government and corporate clients. With an average project lifespan of 24 months, the backlog provides the Company's new Shareholders with robust long term visibility within a growing ICT market and across economic cycles.

By the end of the year, the Company had delivered an impressive 46% CAGR from 2019 to 2022 and, in line with topline growth, net profit had increased over the last 3-years from SAR 81 million in 2021 to SAR 131 million in 2022. 2P enjoys excellent returns with a high average return on equity (RoE).

Market performance

The Company has also seen its market share expand exponentially over the past 3-years for its three business lines - the Software Development, Operations and Maintenance, and Customer Experience Units. Looking ahead, we anticipate sustained growth in the size of the addressable market over the coming 5-years. 2P has also delivered an unprecedented improvement in its win rate over the past 3-years.

Localisation

Localisation is of strategic importance for the Company. Working with Saudi innovators and entrepreneurs also allows the Company to tap into a rich source of talent that understands the nature of the Saudi economy and its digital journey. Over recent years, 2P has engaged with multiple national technology and digital innovators, entering into a spirit of co-creation to create new software, services, and customer experience solutions. Our work across the digital ecosystem has culminated in the 2022 launch of two new major in-house product launches: Perfect Engage and Contracting ERP.

The Company will continue to lead local content development through the participation of Saudi manpower, goods, services, assets, and technologies. Additionally, 2P will encourage the localisation of technology, enable young men and women to benefit from their creativity, and contribute to realising the Kingdom's Vision 2030.

Product development

The Company launched a series of new products and services in 2022, including Perfect Engage – a powerful and secure internal communications platform built around a 'WhatsApp' style interface. The product, sold off-the-shelf or white-labelled and available to 2P clients on iOS and Android platforms, allows colleagues to chat, share images, text or files, and for employees to communicate directly with vendors and clients.

The Company also launched a new enterprise resource planning (ERP) platform in 2022 called Contracting ERP, which is a suite of software solutions to automate the business operations of contracting businesses from lead to collection, including the management of human resources information and contracts, customers and suppliers, and sales leads through sales channels until being converted into contracts to be delivered, invoiced and collected.

IPO

Following consistent years of topline revenue and margin growth, the Company chose to list on the Saudi Stock Exchange to raise its profile as part of its product and service innovation strategy and to win greater market share.

The Board of Directors is aware of the vital role listed businesses such as 2P play in supporting strong capital markets. As a listed Company, 2P will also benefit from preferential bidding opportunities for government projects across multiple vertical markets, including defence, healthcare, education, and other governmental entities.

The Company is on track and strategically committed to delivering on its quarterly dividend payment policy. The first payment was declared in December 2022 in line with regulatory requirements. To meet Shareholder expectations, the Company will continue to deliver an excellent RoE and focus on leverage, a strong cash position, and long term value creation.

Strategy

Partnerships are integral to the Company's strategy. In 2022 several strategic partnerships were signed with global technology companies, including Alcatel Lucent, Life Ray, Next Think, Nokia, Huawei, and Content Square. These companies were chosen because of their well-known wireless coverage synergies and supply chain advantages, and we look forward to leveraging our respective qualities and values to advance technological developments over the coming period.

Looking forward to the next 5-years, 2P is focused strategically on three main pillars to increase its revenue. The first is to increase reachability by expanding its footprint into additional industries, including Cybersecurity, the Internet of Things (IoT), and Blockchain. Secondly, the Company will enhance reliability to further increase the efficiency of its operations and minimise the total cost of ownership to its customers and Shareholders.

To ensure that it continues to deliver strong growth and RoE, 2P will continue to leverage the competitive advantage of its lean operating model, empowered P&L owners, and clearly defined ownership of performance metrics. Underpinned by a simpler and more customer-focused delivery model, the Company will deliver sustained value to its customers, national value chains and its valued Shareholders in the future.

CEO's Message

“Through historic growth across all three lines of business, 2P secured its highest ever revenues, margins, and backlog size with an excellent return on equity in 2022.”

Ehsaan Adnan Doughman
Chief Executive

SAR
1.73 billion
Backlog



CFO's Review



Maher Tawfik Bawadi
Chief Financial Officer

SAR
927 million
Revenue

SAR
131 million
Net profit

In 2022, 2P delivered significant revenue growth, following a similarly strong performance in previous years. Revenues reached SAR 927,170,895 by the end of the year, up from SAR 655,478,211 in 2021, SAR 482,475,049 in 2020, and SAR 298,102,025 in 2019. This is a 4-year CAGR of 46%.

In 2022 the Company recorded significant marginal growth compared to previous years. Total profits continued to grow year-on-year (YoY), rising from SAR 116,005,800 in 2021 to SAR 180,425,815 by the end of 2022. Between 2019 and 2022, the Company saw a 4-year CAGR of 52%. Similarly, net profits increased by 63% between 2021 and 2022, from SAR 80,615,566 to SAR 131,455,234. By year-end 2022, the Company's 4-year profit CAGR was 46%.

Current assets, non-current assets and total assets increased between 2021 and 2022 by 76%, 14% and 61%, respectively. By year-end 2022, the Company delivered current assets at SAR 672,818,561, non-current assets at SAR 134,378,150, and total assets of SAR 807,196,711.

The strength of the Company's results is defined, in part, by an excellent return on equity (RoE) and a historic backlog that rose from SAR 500 million in 2019 to SAR 1.1 billion by the end of 2021 and SAR 1.73 billion in 2022. By the year's close, 2P had recorded a significant improvement in its debt position and leverage ratio, leaving it well-placed to maximise Shareholder value and secure growth.

Business units

The Company's three business units delivered significant double-digit growth over the past 3-years, driven by the development and launch of new products to market, a significantly higher volume of contracts and projects, and cross-selling.

Software Development Unit

The Software Development Unit recorded a 62% increase in the volume of projects compared to 2021. Year-end revenue reached SAR 229 million, as compared to SAR 76 million in 2019, SAR 117 million in 2020, and SAR 141 million in 2021 – a 4-year CAGR of 45%.



Operation and Maintenance Unit

The Operation and Maintenance Unit also delivered double-digit growth in 2022. This translated into revenues of SAR 354 million, which is a year-on-year (YoY) increase of 66.57%. The 4-year CAGR for the Operation and Maintenance Unit is 45%.



Customer Experience Unit

The Customer Experience Unit witnessed a growth of 14% to reach SAR 344 million compared to SAR 301 million in 2021. The 4-year CAGR for the Customer Experience Unit is 47%.



Financial future

To secure sustained business growth and Shareholder value 2P will operate with a prudent risk appetite that fiercely protects the balance sheet and return on equity. Future high profitability and resilient finances are fundamental in delivering long term returns and in providing the capital necessary for research and development, product ideation, and the expansion of market share.

Furthermore, the Company will grow its business through its collaborative sales strategy and by leveraging its competitive advantage and lean business operating model. As a well-recognised, publicly owned Saudi-born business with extensive local know-how, 2P will benefit from even greater access to large-scale government giga-projects. Operating as a listed business also serves to enhance the Company's credit risk profile, further strengthening its resilience.

Looking ahead to 2023, the Company is geared to continue to deliver an excellent, market-leading return on equity, double-digit growth across its core businesses, market share expansion, a focus on leverage, a strong cash position and long term value creation.

Company performance

Comparison of business results

	2022	2021	2020	2019	2018
Revenue	927,170,895	655,478,211	482,475,049	298,102,025	180,226,380
Revenue costs	(746,745,080)	(539,472,411)	(391,454,363)	(243,368,511)	(151,632,210)
Total profit	180,425,815	116,005,800	91,020,686	54,733,514	28,594,170
Net profit	131,455,234	80,615,566	64,371,430	23,005,330	17,515,216

Compare assets and liabilities

	2022	2021	2020	2019	2018
Current assets	642,933,489	383,175,472	217,528,835	138,253,438	108,159,766
Non-current assets	158,425,359	118,176,229	99,092,570	63,871,310	20,659,452
Total assets	801,358,848	202,124,748	316,621,405	202,124,748	128,819,218
Current liabilities	515,915,766	313,462,668	181,733,387	124,196,046	73,944,524
Non-current liabilities	33,966,141	28,172,043	23,770,594	7,389,495	5,559,672
Total liabilities	549,881,907	341,634,711	205,503,981	131,585,541	79,504,196

The impact of the main line of business on the Company's results

Line of business	Business Revenue	Percentage
O&M	353,910,986	38%
Cx	344,020,782	37%
SWD	229,239,127	25%
Total	927,170,895	100%

Types of contracts	Percentage
Government	83%
Private	17%

Geographical analysis of the Company's revenues

Year	Geographical analysis of the company's total revenue			
	Total revenue	Inside KSA	Outside KSA	Total
2022	927,170,895	927,170,895	0	927,170,895

• The company has no subsidiaries inside or outside the Kingdom



Investment Case

In a breakthrough year that saw it complete a heavily oversubscribed listing on the Saudi Stock Exchange (Tadawul), 2P recorded an exceptional return on equity (RoE) and a historic backlog that doubled between 2021 and 2022 to reach SAR 2 billion.

A historic opportunity

Established in 2004, 2P rapidly solidified its position as a leading, trusted provider of comprehensive, integrated information and communication technology (ICT) services.

The decision to float was made after successive years of double-digit revenue, profit and asset growth and a consistently high return on equity. Furthermore, the strength of the Company's performance – and its investor proposition – has been firmly underpinned by its proven role as a leader in ICT product and service development in the Kingdom. 2P has also forged a significant role in developing in the Kingdom of Saudi Arabia's digital economy and in deploying truly game-changing digital solutions for multiple Saudi Government mega-projects.

The listing now allows the Company to benefit from preferential bidding opportunities for government projects across multiple vertical markets, including defence, healthcare, education, and other government entities and projects. The move also provides the Company with a mandate to propel its future growth in line with market demands and enables it to maintain and enhance its position as a leading ICT company in the Kingdom of Saudi Arabia.

SAR
1.73 billion
Highest-ever backlog



Reasons to invest:



Financial resilience

- ◆ Strong cash position.
- ◆ Consistent double-digit YoY revenue growth.
- ◆ SAR 1.73 billion backlog.
- ◆ Excellent return on equity.



Market-leading proposition

- ◆ Consistently outperforming the ICT market.
- ◆ Established partnerships with world-leading technology providers.
- ◆ In-house R&D capabilities.
- ◆ Market leader in a growing Saudi ICT sector.



Resilient operating model

- ◆ Plugged into global supply chains through strategic partnerships.
- ◆ Lean, streamlined operations through shared services.
- ◆ Three integrated lines of business that promote cross-sell and synergies.
- ◆ A diverse public and private sector client base.

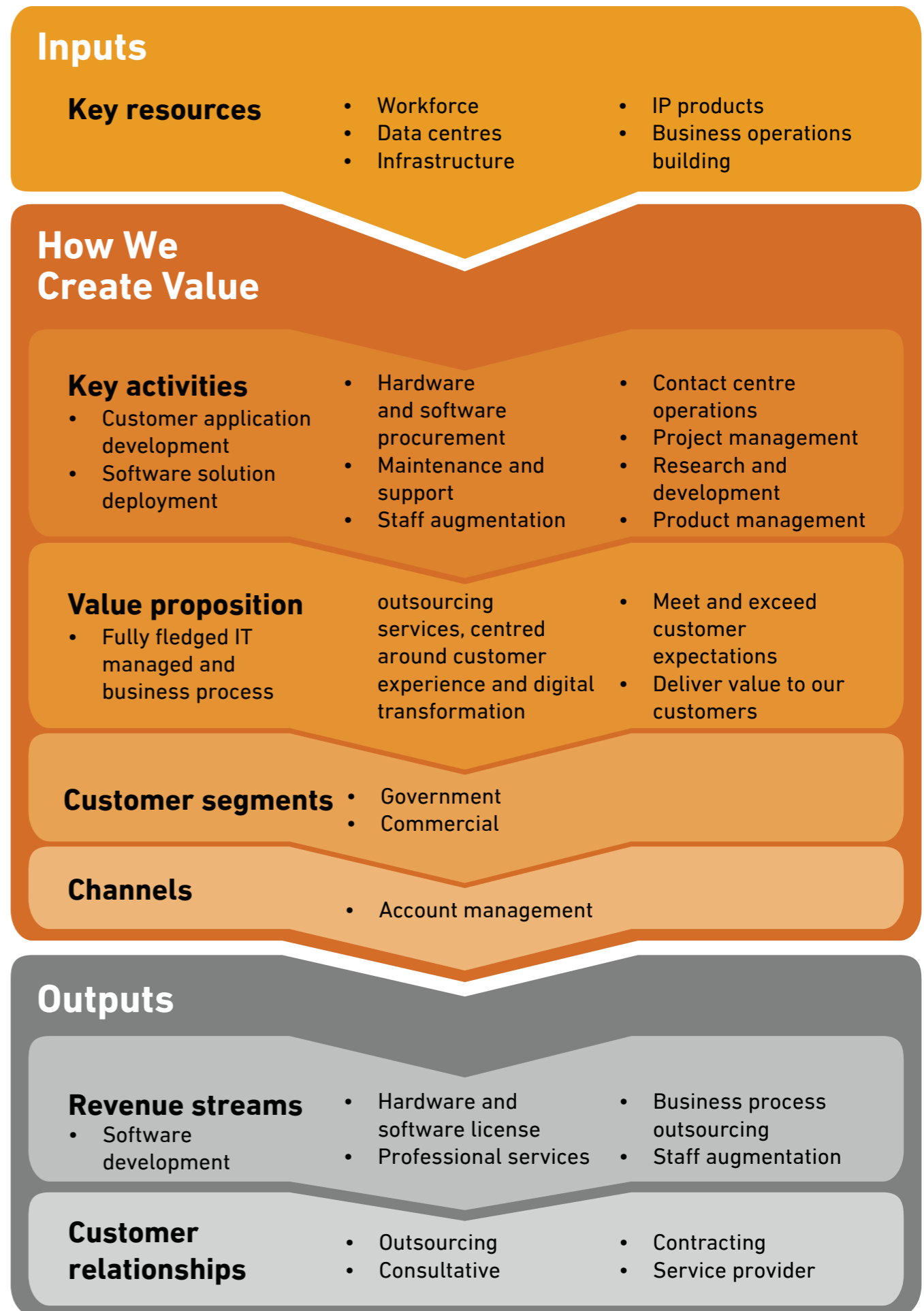


Growth potential

- ◆ Strong R&D pipeline.
- ◆ Preferential bidding for government projects.
- ◆ Opportunities in AI, cybersecurity, IoT and emerging technologies.
- ◆ Focus on the development of local content and the localisation of technology.

Business Model

2P's operating model is noticeable due to its fewer layers, empowered P&L owners, and clearly defined ownership of performance metrics, underpinned by a simpler and more customer-focused delivery model to meet the desired outcomes. The three main business units or line of businesses that are fully integrated, minimise the overhead and total cost of ownership, namely:



Strategy and KPIs

Our philosophy

2P combines both project-based and product-based models into its strategy to differentiate the revenue streams. Product development is a continuous process of its intellectual properties to meet the general market needs and demands lead by the advancement in the technology and the changing needs and demands of the customers. Every project starts by holding a consultative session with the end user to understand its needs so the project objectives and scope are clearly identified. 2P can then provide an assessment of the client's core business operations and technologies including the hardware and software necessary to meet the identified objectives.

VISION

Maintaining and enhancing the Company's position as the leader in the field of technology solutions and digital transformation.

MISSION

Providing technical solutions and digital transformation services centered around meeting the needs of the evolving market.

VALUES

- Localisation
- Innovation
- Integrity
- Excellence

Our strategic pillars

Starting in 2022 and for the next 5-years, 2P is focused strategically on three main pillars to increase its revenue:

Strategic Pillar	Increasing reachability	Enhancing reliability	Diversifying revenue
Brief Description	Increase reachability by expanding the footprint into additional industries including Cybersecurity, IoT, and Blockchain.	Enhance reliability to further increase the efficiency in the operations and minimise the total cost of ownership to its customers and Shareholders.	Diversify the revenue stream by accessing the consumer market
2022 Achievements	<ul style="list-style-type: none"> • Signed partnerships with technology providers. • Building blockchain competencies. 	<ul style="list-style-type: none"> • Review and update the standard operating procedures (SOPs). • Update the team structure to facilitate better OLA 	Signed partnerships with technology vendors for consumer market service
2023 Goals	<ul style="list-style-type: none"> • Launch cybersecurity service. • Acquire blockchain projects. 	Higher cross-functional teams' productivity	Launch smart home service

Customers	Internal Processes	Learning and Growth
<ul style="list-style-type: none"> • Post-project customer satisfaction survey should be greater than 90%. • 98% of customer tickets should be closed within SLA. 	<ul style="list-style-type: none"> • Employee related process should adhere to SLA is above 99% • Procurement related process should adhere to SLA is above 95% • % of reworked tasks should be less than 3% • On-time project (internal and external) milestones should be greater than 98% 	<ul style="list-style-type: none"> • All employees should have professional certification for his/her domain • Soft skills training days per employee • Head office turnover should be less than 2% • Clear career path • % of goals achieved per quarter should be higher than 90%

Risk Management

Overview

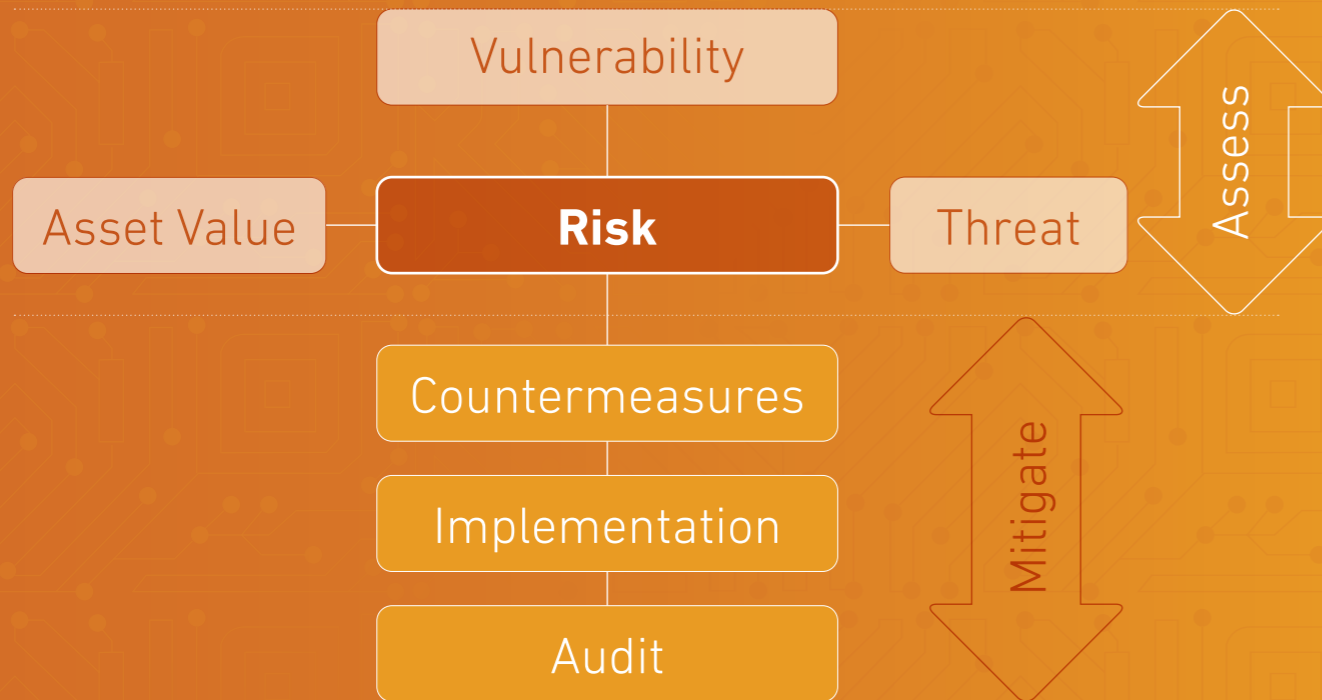
The Board of Directors of 2P, its sub-committees, and the Executive Management set risk standards, evaluate it, and deal with it, as well as monitor and set controls that reduce any operational risks, to create a professional and effective work environment in risk management.

2P has achieved this by developing and operating the Risk Management framework that determines the process and identifies tools for realising its objectives. Not only does it wish to minimise its risks but also maximise its opportunities.

Risk Management framework

A central Risk Management framework has been established to simplify identifying and analysing all risks in 2P, enabling informed decision-making to support business performance and overall management of business risks.

The following diagram explains the methodology that 2P use for managing the risks:



Risk Management highlights/achievements

Principal risks

Risks related to the Company's business and activities

1



Risks related to the Company's focus on government clients

Due to the concentration of clients being in government entities, the Company may be affected by any changes related to budget, regulatory restrictions, changes in government policy and public spending restrictions, which could have a significant impact on the volume, scope, timing and duration of contracts and purchases. Thus, the impact will be reflected on the volume of business the Company obtains from such clients. Such factors may also lead to the suspension, cancellation, termination, or non-renewal of existing contracts. In addition, the time period for collection of receivables from government entities is relatively long compared to clients from the private sector.

2



Risks related to changes in revenue ratios due to termination or reduction of the scope of work

The contracts concluded between the Company and its public sector clients stipulate terms and conditions that authorise the latter to terminate projects by withdrawing the works and executing the same at the Company's expense, or by terminating the contract unilaterally or reducing the scope of work (by 20% of the contract value). Hence, the contract value is reduced according to the requirements of the government entity. This may negatively affect the project revenues and cash flows, or may lead to a decrease in the value of the revenues and profits that the Company expects to earn from the work scheduled to be executed for certain contracts. In the event a contract relating to one of the Company's large and substantial projects is subject to the terms and conditions of termination or reduction of scope of work, this will have a material adverse effect on the Company's business, financial position and results of operations.

3



Risks related to the collection of receivables

The Company is exposed to the risk of its clients failing to pay the amounts owed by them to the Company. The Company's performance, revenues and profits depend on the financial solvency of its clients, the stability of their credit status and the Company's ability to collect its dues from its clients on time in exchange for the services provided.

The Company applies IFRS 9 - Expected Credit Loss (ECL) to all of its clients. The provisions for expected credit losses are recognised against trade receivables based on the provision matrix for credit loss calculation. The nature of the Company's contracts sometimes requires that project resources be allocated before advance payments or other payments are received from clients to cover project expenses when incurred. Consequently, the Company is exposed to the risk of clients' delay or failure to make payments for the services provided by the Company, which will have a material adverse effect on the Company's business, and results of operations.

4



Risks related to the ability to recruit and retain highly skilled IT Staff

The Company's success to date and its success in the future largely relies on its ability to recruit and retain highly qualified IT Staff. In particular, the Company must recruit, train and retain appropriate numbers of talented individuals with diverse skills, including project managers, IT engineers and other senior technical Staff, in order to fulfill clients needs and develop the Company's business. Accordingly, if the Company is unable to recruit and retain qualified IT professionals, this will affect its ability to develop new business and effectively manage its existing projects.

5



Risks related to rapid technological developments and the Company's ability to expand and diversify its products

The IT services market is characterised by rapid technological change, new product development, technology improvements, high level client requirements and evolving industry standards. The Company's future success is based on its ability to continue to develop, market and provide attractive services and solutions for its current and future clients in a timely and efficient manner at competitive prices. This requires the Company to anticipate and respond to the rapid and continuous changes in the field of technology and to keep pace with developments in the sector, as well as developments in information technology services and solutions provided by new companies, to meet the evolving needs of its clients. For example, due to the substantial development of the IT services market in the Kingdom, it is expected that clients will require specialised IT solutions. If the Company does not adapt its services, solutions, expansion and development based on technological changes or according to the demands and needs of clients, the Company's ability to develop and maintain a competitive advantage and continue to grow may be adversely affected.

6



Risks related to the failure of the Company's information technology systems and data centres

The Company's performance and operations are highly dependent on information technology systems. Any failure in these systems may lead to interruption of the Company's usual business, causing a significant slowdown in administrative and operational efficiency during the duration of the failure. Any prolonged failure may affect the Company's ability to provide services to its customers, and its reputation, which will have a material adverse effect on the Company's business, results of operations, financial position and future prospects.

In order for a Company to be able to serve its clients, it must continuously maintain data centre operations, which include network, storage, and server operation. In the event of any major disruption in operations or any major system failure, or in the event that the Company is unable to move the data centres to alternative locations if it is forced to do so for any reason, including the lack of a suitable alternative location, this will affect the Company's ability to provide services in accordance with its contracts or to complete projects for clients in a timely manner (which may lead to fines and/or compensation incurred by the Company). This in turn will lead to loss of clients or downsizing of operations, all of which would have a material adverse effect on the Company's business, results of operations, financial position and future prospects.



7



Risks related to cyber attacks

Due to the nature of the Company's business, it is vulnerable to cyber attacks including computer viruses, malicious or destructive code, phishing attacks, and denial of service attacks, which affect the confidentiality, integrity, and availability of its information systems and business data. The financial and strategic significance of the Company's clients may lead to it being targeted by criminal attacks and cyber espionage. The Company's efforts to monitor and evaluate its own security system may not be sufficient to effectively counter emerging threats and cyber attacks. Increased social hacking creates risks for the Company. Human error by the Company's employees is an ongoing risk, and the Company's efforts in awareness training and process improvement are unlikely to eliminate all risks of negative consequences of human error.

8



Risks related to licenses, certificates, permits and approvals

The Company is bound by a number of laws and regulations that require it to obtain the necessary licenses and permits from the competent regulatory authorities in the Kingdom in order to carry out its commercial activities. The Company currently maintains a number of licenses, certificates, permits, and approvals related to its commercial activities.

The Company may be required to terminate some of its business if it is unable to obtain or renew any license, or if a license is suspended, canceled, withdrawn, or renewed on unfavourable terms, or if the Company is unable to obtain additional licenses that may be required in the future.

9



Risks related to data protection and cybersecurity laws

As an IT service provider, the Company collects and processes personal data and other data from its current and potential clients, in order to provide solutions and applications to its clients, verify user identity, and provide support, as well as expand and improve its business. The Company may also share personal client data with certain third parties. As a result, the Company must comply with local laws and regulations, including data protection, data localisation and cybersecurity requirements in the Kingdom.

10



Risks related to competition

The Company operates in a competitive environment and faces strong competition. There is no guarantee that the Company will continue to be able to compete effectively with other companies in the market. In addition, the pricing policies of the Company's competitors may adversely affect the Company's financial position. Moreover, the increase in the supply of the products manufactured by the Company compared to the demand for them will lead to negative pressure on their prices, and thus adversely affect the Company's business, future prospects, results of operations and financial position in general. The Company's future performance also depends on its ability to gain, maintain and develop market share through expanding its production and marketing business. A decrease in the demand for the Company's products for any reason would adversely affect the Company's financial results.

The Company's competitive ability depends on distinguishing its products from other products offered in the market by providing high quality products at reasonable prices.



Business Review

“With a heavily oversubscribed listing, SAR 2 billion backlog and historic revenues, 2P outperformed the entire Saudi ICT market in 2022, taking greater market share and launching game-changing digital products and services.”

Thanks to many years of research and development and a workforce of over 4,000 highly talented people, 2022 saw 2P and its three lines of business pass a new threshold of growth and innovation in 2022. Each of the Company’s three business units delivered double-digit revenue growth by maintaining the very best relationships with their existing customers and securing multiple big-ticket contracts with new clients across the country.



Software Development Unit

The Software Development Unit provides organisations with software design, development and management services and specialised electronic platforms. Every product and service follows best practices and methodologies in software development and the management of software development projects.

As part of 2P’s strategic objective to be considered one of the biggest software houses in the Middle East, the Software Development Unit forged new partnerships with vendors and deployed new, highly compatible AI-based tools in 2022. With a growing umbrella of services and products, the Unit delivered YoY revenue growth of 62%, rising from SAR 141 million in 2021 to SAR 229 million in 2022.

The Software Development Unit has achieved these numbers on the back of new product launches, new services, an expanding Saudi footprint and the innovation of new technologies. New partnerships have also played an important part in the journey, with the Company entering into agreements with the global cloud-powered digital experience company Liferay, the digital experience analytics company Contentsquare, and Nexthink, which creates digital employee experience management platforms.

Through its existing partnerships and in-house innovators, 2P launched a series of new services in 2022. They include Genesys customisation, Verint customisation, Software AG implementation and WS02 implementation. In addition, the Unit has accelerated its research and development in Blockchain, fintech solutions, and collaboration platforms.

Technical services



The Unit focused on developing high-quality software in 2022, helping its customers as they pivot towards becoming data-driven organisations. This work included providing custom application development for web and mobile applications, partnering with global software vendors, including Microsoft, Oracle, and SoftwareAG, and maintaining a high level of technical expertise.

The Unit also served its customers with professional services, including consulting on how to apply best practices for software development. These services have been developed and deployed through multiple collaborations, including with the international software development firm, Construx. Other activities include the implementation of systems such as data warehousing, business intelligence, application performance management, end-user experience analytics, and monitoring and analysing technical performance.

Customer experience



With customer experience at the heart of the Unit’s ability to win greater market share, a number of initiatives were deployed in 2022, including a live chat capability, bots to automate customer support and real-time engagement. The Unit also worked to collect customer service feedback and created a unique customer experience with social listening. The Unit also met its KPIs for project delivery time, customer satisfaction, code quality, application security, and approved methodologies.

Utilising this comprehensive customer experience approach, the Software Development Unit will enhance its service to ensure that it gets the most value to its current customers and even greater market trust to generate new customers in new fields and sectors.

2023 objectives



As we look ahead, the Software Development Unit will leverage its new partnerships to accelerate innovation in critical areas, which include Blockchain, fintech, and collaboration platforms. Additionally, the Unit will look to build new competencies, including Microsoft 365 Dynamics, Oracle Techno Functions, Genesys, and Verint. It will also work to increase its delivery success rate, form new partnerships with universities and institutes and deploy special training programmes.

Operation and Maintenance Unit

The Operation and Maintenance (O&M) Unit provides organisations with qualified and trained technical labour to meet their needs for highly skilled and capable ICT personnel. It also provides preventative and corrective maintenance services and managed information technology services for data centres.

Achieving 200% of its 2022 targets, the O&M Unit delivered a YoY revenue increase of 67%, reaching SAR 354 million compared to SAR 212 million in 2021. The Unit completed a strategic shift in its operations in 2022 towards a managed services for information technology model governed by service level agreements. These are underpinned by AI-enabled tools that observe every activity within the consumer environment using managed service methodologies. The approach minimises the time and resources required to achieve customer objectives, delivering even higher levels of customer satisfaction and results.

The customer experience was also enhanced through 24/7 operations for 110 active projects around the Kingdom, in addition to workshops and the deployment of five mobile units in all regions of the country. These provisions have perfectly complemented the Unit's advisory, technical, and administrative capabilities, helping to complete all projects on time and to the highest standards. They have also proven instrumental in supporting customers' digital transformation journeys and IT maturity levels to meet global best practices.

KPIs



In line with its strategic goals and targets, the O&M Unit successfully completed its predictive maintenance objectives and its corrective maintenance in accordance with its service level agreements. These included 0% maintenance backlog and improvements in the mean average time between failures, mean time to repair, and overall equipment efficacy (OEE).

The Unit also enhanced its maintenance and engineering capabilities through the appointment of numerous technical professionals in 2022, taking the total number of software development and analysis employees to 597 by year-end. Within the same period, the Unit employed 198 IT+T engineers and 476 IT&T technicians.

2023 objectives



As we look ahead, the Software Development Unit will look to build greater competencies with strategic vendors to provide professional services and build a new maintenance service centre for global vendors. The Unit will also enhance its partnerships with existing vendors and adopt new partnerships in order to increase overall O&M capabilities. The O&M Unit remains committed to serving its customers and communities in a way that reflects the vision, values and objectives of Saudi Vision 2030 through the deployment of OPEX projects as managed services.

Customer Experience Unit

The Customer Experience (CX) Unit provides customer journey design and development services in addition to solutions related to the management and operation of contact centres and customer service across multiple communication channels.

The CX Unit delivered a YoY revenue increase of 14%, reaching SAR 344 million compared to SAR 302 million in 2021. This growth has been delivered through an increase in the number of contracts and rising contract value. Contracts include Tawakkalna, which is the Covid-19 government app from the Saudi Data and Artificial Intelligence Authority (SADAIA), the Ministry of Energy, and the General Authority of Civil Aviation (GACA), amongst others.

CX services



The CX Unit activated Phase 1 of the rollout of the Verint solution, which is recognised as the best Work from Home (WFM) and Quality and Knowledge base globally. The Unit also built new competencies as a Genesys reporting specialist and Verint reporting specialist while implementing the COPC performance management standard across the Unit's processes and operations. The implementation of COPC will further improve service and quality control levels that will have a direct impact on customer satisfaction, retention, and revenues.

The CX Unit also succeeded in increasing its customer satisfaction ratio, customer loyalty, customer retention and related NPS and CES customer experience index indicators. Through these and the implementation of its new competencies, the Unit increased overall satisfaction levels and increased the delivery success rate. Additionally, the CX Unit was issued with BSC, which was aligned with 2P's strategic objectives.

Recognition



During the COVID-19 pandemic, the Ministry of Health call centre 973 was managed by the 2P CX Unit; it played an effective role in serving the citizens and residents of the Kingdom of Saudi Arabia by responding to enquiries and addressing complaints efficiently and to a high standard. Part of the CX Unit's work included the collation and analysis of data.

This important work led to 2P being recognised at the 2022 edition of the International Customer Experience Awards (iCXA) with the Best Customer Service Award.

2023 objectives



In terms of customer experience opportunities, the business process outsourcing (BPO) market has significant potential in the Kingdom of Saudi Arabia. Leveraging its existing services, and its strong position within the market, 2P is very well placed to take advantage of the Kingdom of Saudi Arabia's digital maturation and increase its market share.



ERP SYSTEM



New product lines

In line with the Company's strategy, 2P accelerated the development of two highly innovative new products in 2022. Through a combination of extensive in-house research and development and third-party partnerships, Perfect Engage and Contracting ERP represent a new generation of internal communications and call centre capabilities.



Perfect Engage

The product of 4-years of research and development, Perfect Engage is a first-of-its-kind platform in the Saudi market: a true game-changer for 2P and the organisations it serves. It is built around a WhatsApp-style user interface and is in full compliance with the Saudi Arabia National Server Security Authority regulations. The product is sold off-the-shelf or white-labelled and available to 2P clients on iOS and Android platforms. When downloaded to an employee's device, the Perfect Engage app allows colleagues to chat, share images, text, or files, create chat groups and make audio and video calls. It also allows employees to communicate directly with vendors and clients, adding a direct line of real-time communication between companies and those they serve.



Contracting Business ERP

The Company's newly developed Contracting Business ERP product was launched in 2022, providing organisations with a suite of software solutions that automate the business operations of contracting business from lead to collections. The solution also automates the management of human resources information and contracts, customers and suppliers, sales leads, the sales channel and the issuing and receipt of contracts and invoices.

Human Capital

Supporting Saudi excellence

With a workforce of more than 4,000 people, the attraction, training, development, wellbeing and retention of the Company's employees is integral to its operations. Furthermore, with a significant portion of the workforce working within research, development, and product development, 2P's sustainability as a business rests heavily on talent.

With skills at the heart of the Company's operations, the 2P Human Capital function in

2022 focused heavily on Human Resources to support a rapidly growing volume of contracts and an expanding backlog. These dynamics make recruitment a growing challenge, particularly in sourcing from the technology market.

The localisation regulations demand that the Company source from the local talent pool, with varying minimum requirements such as electrical 20%, IUT 30%, and overall 70% localisation. All

of these targets have been met – and this is an important and ongoing commitment to localisation. The Company's very high Saudisation and gender diversity metrics led to it being awarded Platinum status from the Government's HR Ministry - the highest possible category for diversity and Saudisation.

The Company also benefits from a very low turnover rate, with senior project managers and

sales professionals serving for at least 3-years. This provides the Company with long term resilience in an increasingly competitive and fast-growing ICT sector. Looking ahead, the Company will mitigate challenges in filling key roles such as programmers in 2023 thanks to the deployment of a new talent database that was launched in November 2022. This will further support a long term approach to attracting talent from across the Saudi ICT market and fresh graduates.

70%

Localisation

39%

Females

22

Females in senior positions



The IPO



The IPO has created significant added value to the Company's Human Resources capabilities, boosting its reputation and driving a greater number of talented professionals from competitors toward the Company. The IPO also presented a new level of government regulatory criteria, which the Company has met through the introduction of global standards, including COBC for call centre professionals, amongst others. Post-IPO, the Company has to meet Ministry of HR localisation targets, which have been met.

Training and development



In 2022 the Human Capital department published a new set of policies and procedures in line with a revised strategy that places a greater emphasis on talent management and career development. The policies create a clear career path for every employee across the Company to ensure that each individual has access to a 5-year development plan. The procedures also determine that the HR function must create a succession plan to mitigate the impact of career development as individuals progress through the Company.

In addition, the department introduced a new set of competencies for each department, such as sales, project management, IT, finance and sales engineers. The department also created a new set of deep-dive skills assessments to gain a granular understanding of skills and skills gaps. These are fundamental in helping HR to identify gaps in career development and for its recruitment strategy.

Diversity and inclusion



The Company follows the objectives laid out in Vision 2030, guiding its approach to developing a diverse workforce with a growing percentage of women employees and women in senior positions. By year-end, the Company had three women working in senior positions compared to zero in 2020 and 2021. The appointment of three women in leadership roles represents a significant uptick and important momentum. The Company's objectives provide a roadmap for the continued hiring of new women into senior positions. In addition, approximately 10% of its workforce are People of Determination.

Employee wellbeing



The Company has a proactive approach to employee wellbeing, with the provision of multiple social activities, including Eid Al Fitr, Eid Al Adha, and National Day activities, to encourage teamwork, collegiality and enjoyment between colleagues outside of the workplace. Furthermore, the Company introduced a new policy to provide employees with access to sports and wellness facilities, including gyms. Additionally, we provide added value benefits such as discounts for automobiles and membership to clubs.

Future leaders



The Company operates a very active approach to sourcing graduates through agreements with a range of academic institutions, including universities and technical colleges. Our educational partners help point graduates with a wide variety of critical skills and capabilities toward opportunities with 2P. The Company also operates Misk, which sees it collaborate with high school graduates to provide them with career development support and guidance.

These initiatives, and more, further boost the Company's access to talent, position it as an active community player and add value to its relationships with educational institutions. With talent acquisition, development and retention a core priority in 2023, the Human Capital department will continue to focus on recruitment as a major priority – and as a means to securing resilient growth over the coming period.

Group	Non-Saudi	Saudi	Grand Total	Localisation %	Females	Females in Senior Positions
Female		55	1,853	1,908	70%	39%
Male	1,400		1,501	2,901		
Grand Total	1,455	3,354	4,809			

22

Sustainability and Social Responsibility

2P is committed to performing its business responsibly, focusing on its employees, customers and the local community. The Company not only adheres to all mandated regulatory requirements but also pursues voluntary activities to improve its employees and their family's living standards while contributing to the sustainable development of its communities.

2P is proud of its performance on environmental governance issues and its history on social policy, good corporate governance and its engagement with all its Stakeholders as part of its sustainability journey. As the Company progresses, it sets out to communicate openly and transparently on all matters pertaining to CSR and environmental, social and government (ESG) principles.

As part of its transparent governance, 2P is committed to full accountability by publicly disclosing its strategies, management goals, and progress in achieving them. To help ensure relevance, completeness and comparability, the Company also adheres to internationally recognised disclosure standards such as the Global Reporting Initiative. This process helps assure Stakeholders that we are a forward-thinking, and responsible company.

Social Responsibility Policy

The Company's social responsibility policy is designed to support sustainable growth through strong community and environmental stewardship, robust governance and the nurturing of talent.



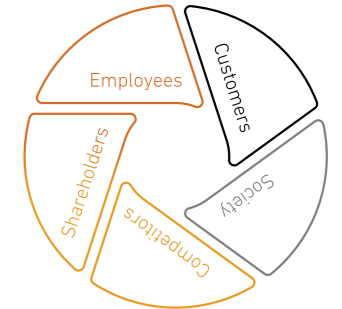
Environmental stewardship

As part of its commitment to responsible environmental stewardship, the Company has adopted a set of environmental awareness measures by relevant legislation. Through its internal activities, the Company also seeks to raise awareness of the importance of energy efficiency and sustainable energy consumption while focusing on environmentally friendly operations across the work environment.

Social and communities

Stakeholders

The Company works to create value for all its Stakeholders, providing all concerned individuals and communities with clear, accurate, and credible information in a way that does not contradict recognised professional rules and regulations. The Company is committed to applying all governance practices with integrity and transparency and to document them through relevant reports. It also operates fairly and without prejudice or discrimination toward all its Stakeholders.



Employees

As a progressive Company with an engaged workforce, 2P encourages two-way dialogue with its employees to bring about positive change, and every individual is encouraged to share their ideas and opinions. All employees are guided by accepted rules of behaviour and are encouraged to listen to the opinions of others with respect so that everyone can make a fair contribution to the decision-making process. This openness is integral to the Company's approach to encouraging and motivating every employee to increase their passion for work and to bring out the best in them, which helps in achieving the Company's goals.

The Company's employees also have access to multiple training opportunities that enable them to learn new skills that align with the latest technological trends and help them to accomplish their professional goals. Furthermore, the Company works hard to secure a safe, healthy and motivating work environment that supports the health and wellbeing of employees without prejudice to their obligations towards their families.

Customers

The customer is at the centre of the Company's strategy, focusing on developing bespoke solutions and services that meet the unique needs of every customer in a way that suits their requirements. This is achieved through the extensive experience of our specialised teams, whose role is to innovate the latest ICT solutions and services. Furthermore, the Company seeks to help its customers achieve an increase in productivity and performance, facilitating its customers' participation in the development of the economy in general and in a way that enables customers to fully control their privacy and adhere to the strictest standards of data protection.

Competitors

The Company is committed to respecting prevailing and ethical laws, regulations, and instructions, providing the best services and not harming any competitor organization.

Society

The Company seeks to play a positive role in the community, develops programmes and identifies the necessary means to launch initiatives in the field of social work. The Company also works as much as possible to provide direct and indirect support to social and developmental institutions. Believing in the pivotal role entrusted to private sector companies in the National Transformation programme 2020, 2P generates jobs within its strategic objectives to achieve the goal of the Kingdom's Vision 2030. As a proud champion of inclusive participation in Saudi innovation, 2P actively contributes to creating job opportunities for all members of society without discrimination due to ethnic or personal considerations.

2P actively promotes a culture of job security across the private sector by creating an attractive work environment suited to the ambitions of qualified Saudi nationals. Furthermore, the Company works in partnership with several government agencies to raise awareness of employment opportunities at 2P and to help young Saudi talent to prepare for the world of work within the fast-moving ICT sector.

Shareholders

One of 2P's principal strategic outcomes is to maximise the value of the share, achieve the maximum possible profit, and protect the Company's assets. The Company believes that it is the Shareholder's right to obtain adequate information about the Company's performance, its strategies and governance.

2P is also operationally geared towards fair dealing with all its Shareholders without discrimination or prejudice, receiving and openly handling Shareholder complaints, and engaging Shareholders in the Company's decisions at the General Assembly.

2022 Highlights

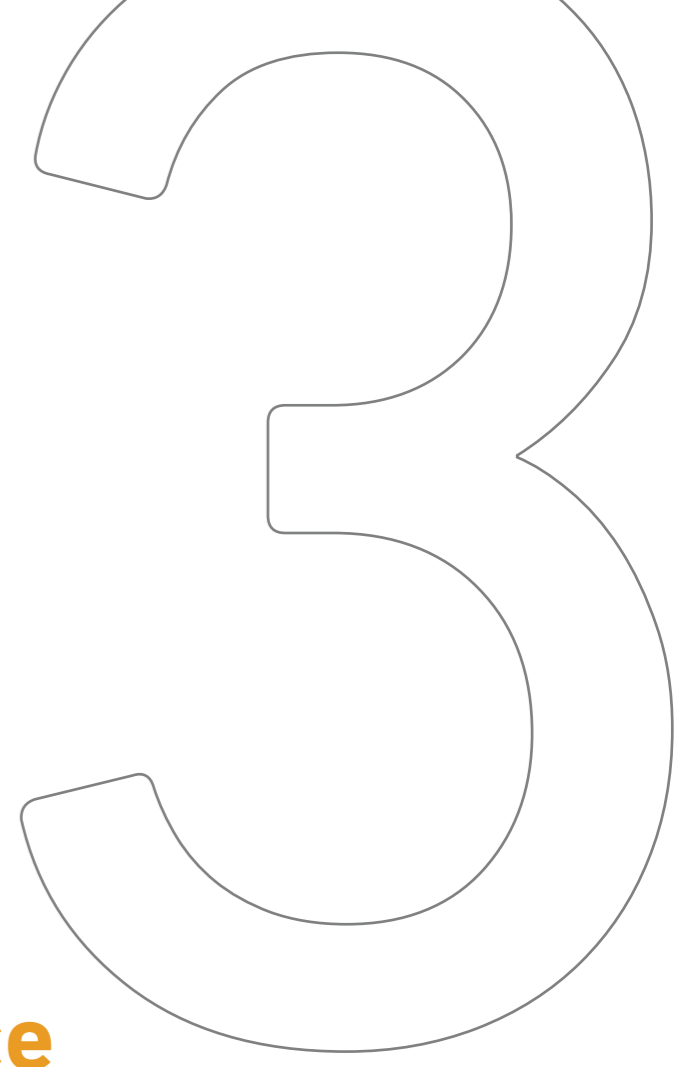
Orphanages sponsor - Insan
Sponsoring 28 orphans

Employment agreement - Insan
Recruiting 10 orphans

Mohammed bin Salman Foundation "Misk."
Training and knowledge agreement

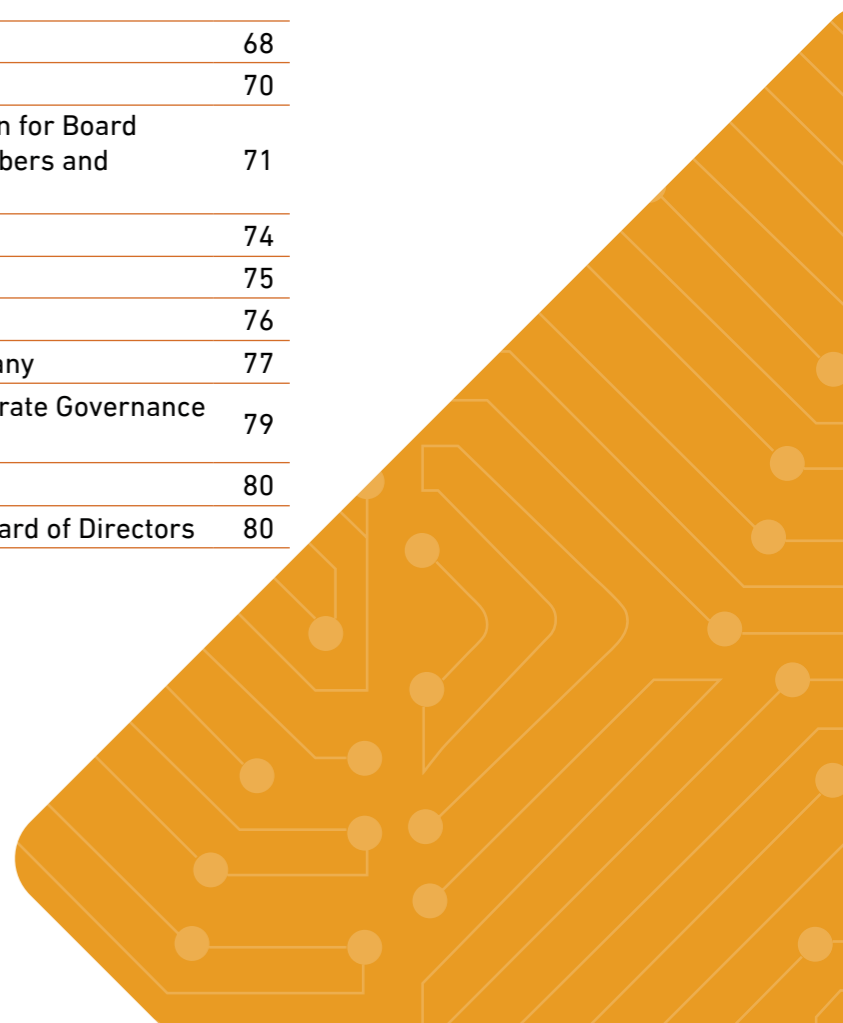
Employment agreement - Sultan University
Training 15 students





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1. Board of Directors

The Company is managed by a Board of Directors consisting of six members classified according to the definitions stipulated in the Corporate Governance Regulation issued by the Capital Market Authority in the Kingdom of Saudi Arabia, who were appointed by the Transformational General Assembly held on 19 December, 2021. The term of membership of the Board members, including the Chairman of the Board, shall be 3-years as a maximum for each session. As an exception, the Transformational General Assembly shall appoint the first Board of Directors for 5-years. The current session of the Board of Directors commenced on 19 December, 2021 and ends on 18 December, 2026.

1.1 Current and previous positions, qualifications, and experiences of the Board members



Member name
Mr. Nasser Abdullah Al Bassam
Chairman of the Board - Non-Executive

Academic Qualification:

B.Sc. in Computer Science and Information Systems, King Saud University - Kingdom of Saudi Arabia, 1996.

Current Executive Positions:

2014 - present: Managing Director of Cloud Distribution Company, a limited liability company working in the field of information technology and services.

Previous Executive Positions:

2004 - 2020: General Manager of Perfect Presentation Company, a joint stock company working in the field of solutions and services for information technology.

2001 - 2004: Applications Development Manager at Alrajhi Bank, a joint stock company working in the field of banking.

1997 - 2001: Applications Development Supervisor at the Saline Water Conversion Corporation (SWCC), a government institution working in the field of seawater desalination and the delivery of desalinated water to the regions.

1996 - 1997: Invoicing Applications Support Engineer at Lucent Technologies Company, a joint stock company working in the field of telecommunication equipment.

Experiences:

28 years of experience in various fields:

- Telecommunication and information technology sector
- Financial services sector
- Project management sector



Member name
Dr. Tarek Abdullah Al Naeem
Deputy Chairman of the Board - Independent

Academic Qualification:

PhD in Information Systems, New South Wales University - Australia, 2006.

Master in Computer Science, King Saud University - Kingdom of Saudi Arabia, 2002.

B.Sc. in Computer Science, King Saud University - Kingdom of Saudi Arabia, 1996.

Current Executive Positions:

2021 - present: CEO of Water Transmission and Technologies Company, a company owned by the government that works in the field of developing, financing, and operating infrastructure projects in the water sector.

Previous Executive Positions:

2018 - 2020: CEO of MEDGULF Company, a listed joint stock company working in the field of insurance.

2016 - 2017: Board member at the Capital Market Authority, a government entity.

2014 - 2016: Undersecretary for Domestic Trade at the Ministry of Commerce

2012 - 2014: General Manager of the Strategic Group at Alrajhi Bank, a listed joint stock company that works in the field of banking

2007-2012: General Manager of Investment Assets Services at Tadawul Company, a listed company that works in the field of listing and trading of securities

2006-2007: Assistant Professor at Prince Sultan University, an academic institution that works in the field of education

1996-2006: Payment Systems Officer at the Saudi Central Bank, a government institution

Experiences:

More than 20 years of experience in various fields in the financial sector.



Member name
Mr. Yousef Mohammed Al Alkhelewi
Board member - Independent

Academic Qualification:

B.Sc. in Systems, King Saud University - Kingdom of Saudi Arabia, 1986.

Current Executive Positions:

2015 - present: Chief Governance Officer and Corporate Secretary at Bank Albilad, a listed joint stock company working in the field of banking.

Previous Executive Positions:

2010 - 2015: General Manager of Legal Affairs at Bank Albilad.

2007 - 2008: Owner of Yousef Al-Alkhelewi Law Office, sole proprietorship working in the field of law.

2003 - 2008: Assistant General Manager at Alrajhi Bank, a listed joint stock company working in the field of banking.

1999 - 2003: Manager of Debt Remedial Department at Alrajhi Bank.

1997 - 1999: Counsel at Saudi United Bank, a joint stock company working in the field of banking.

1994 - 1997: Manager of Debt Remedial Department at Riyadh Bank, a listed joint stock company working in the field of banking.

1992 - 1994: Manager of Debt Collection Follow Up Department at Riyadh Bank.

1986 - 1992: Counsel at Riyadh Bank.

Experiences:

30 years of experience in various fields in the banking sector:

- Legal
- Governance
- Debt and administrative affairs



Member name
Mr. Fahd Ibrahim Al Hussain
Board member - Independent

Academic Qualification:

Master in Electrical Engineering, California State University - USA, 1998.

B.Sc. in Physics, King Fahd University of Petroleum and Minerals - Kingdom of Saudi Arabia, 1988.

Current Executive Positions:

2018 - present: General partner of Sedford Partners, a company working in the field of investment management.

Previous Executive Positions:

2012 - 2022: CEO of the Saudi Technology Development and Investment Company (TAQNIA), a joint stock company working in the field of research investment and marketing solutions.

2008 - 2012: CEO of International Systems Engineering Company (ISE), a joint stock company working in the field of telecommunication and information technology.

2003 - 2008: CEO of Awal Net Company, a joint stock company working in the field of telecommunication and information technology.

Experiences:

24 years of experience in various fields:

- Telecommunication and information technology sector
- Partial capital fund sector
- Investment sector in emerging technology start-ups



Member name
Mr. Sulaiman Abdulrahman Fatani
Board member - Independent

Academic Qualification:

MBA, Aston University - United Kingdom, 2014.

B.Sc. in Financial Science, Prince Sultan University - Kingdom of Saudi Arabia, 2007.

Current Executive Positions:

2020 - present: Manager of the Investment Department at SABIC Investment and Local Content Development Company, a joint stock company working in the field of investment in Saudi industrial projects development.

Previous Executive Positions:

2017 - 2020: Assistant Vice President, Investment Banking at GIB Capital Company, a limited liability company working in the investment banking services sector.

2014 - 2017: Manger, Investment Banking at GIB Capital Company.

2012 - 2014: Senior Associate at Deloitte Financial Advisory Services Limited Company, a limited liability company working in the field of financial advisory for securities.

2007 - 2012: Senior Associate at Deloitte Corporate Finance Advisory, a special partnership working in the field of corporate finance advisory.

2006 - 2007: Business Analyst at Deloitte Management Consulting, a subsidiary of Deloitte and Touche and their partners working in the field of management consulting.

Experiences:

16 years of experience in various fields:

- Management and financial consulting sector
- Investment banking sector
- Private equity investment sector



Member name
Mr. Ehsan Adnan Doughman
Board member/Chief Executive - Executive

Academic Qualification:

B.Sc. in Technology and Applied Science, Al-Quds Open University - Palestine, 2007.

Current Executive Positions:

2020 - present: Chief Executive of Perfect Presentation Company, a joint stock company working in the field of information technology solutions and services.

Previous Executive Positions:

2019 - 2019: COO of Perfect Presentation Company.

2013 - 2019: Vice President and Chief Financial Officer at Perfect Presentation Company.

2011 - 2013: Project Manager at Saudi Arabic Computer System Company, a limited liability company working in the field of information technology solutions and services.

2008 - 2011: Project Manager and Marketing Specialist at Ipsos Company, a limited liability company working in the field of marketing.

2005 - 2007: Project Manager and Sales Coordinator at Al-Khaleej Computers and Electronic Systems, a limited liability company working in the field of technological services.

Experiences:

17 years of experience in various fields in the telecommunication and information technology sector.

1.2 Names of companies inside or outside the Kingdom in which a Board member of the Company is a member of their current or previous Board of Directors or one of its Managers

Member name

Mr. Nasser Abdullah Al Bassam

Names of companies inside or outside the Kingdom in which a Board member of the Company is a member of their current or previous Board of Directors or one of its Managers	Inside/Outside the Kingdom	Membership Capacity	Legal Entity
Sustainable Technology Company	Inside	Vice Chairman of the Board of Directors	Limited liability company
TAQNIA Company	Inside	Vice Chairman of the Board of Directors	Limited liability company
Madfootcom	Inside	Vice Chairman of the Board of Directors	Limited liability company
Al Amthal for Business and Commercial Investment Company	Inside	Chairman of the Board of Directors	Limited liability company

Member name

Dr. Tarek Abdullah Al Naeem

Names of companies inside or outside the Kingdom in which a Board member of the Company is a member of their current or previous Board of Directors or one of its Managers	Inside/Outside the Kingdom	Membership Capacity	Legal Entity
MEDGULF	Inside	Board member	Joint stock company
Leejam Company	Inside	Board member	Joint stock company
Depository Centre	Inside	Vice Chairman of the Board of Directors	Joint stock company
Credit Suisse Saudi Arabia	Inside	Board member	Joint stock company
Al Alamiya for Cooperative Insurance	Inside	Vice Chairman of the Board of Directors	Joint stock company
Bayan Credit Bureau	Inside	Vice Chairman of the Board of Directors	Joint stock company

Member name

Mr. Yousef Mohammed Al Alkhelewi

Names of companies inside or outside the Kingdom in which a Board member of the Company is a member of their current or previous Board of Directors or one of its Managers	Inside/Outside the Kingdom	Membership Capacity	Legal Entity
Bayan Credit Bureau	Inside	Board member	Joint stock company
Bayan Credit Bureau	Inside	Governance, Compliance, and Risks Committee member	Joint stock company
Bayan Credit Bureau	Inside	Nomination and Remuneration Committee member	Joint stock company
Thiqah Business Services	Inside	Audit Committee member	Limited liability company

Member name

Mr. Fahd Ibrahim Al Hussain

Names of companies inside or outside the Kingdom in which a Board member of the Company is a member of their current or previous Board of Directors or one of its Managers	Inside/Outside the Kingdom	Membership Capacity	Legal Entity
GCC Lab Company	Inside	Vice Chairman of the Board of Directors	Joint stock company
Sehaty Company	Inside	Board member	Joint stock company
Al Faisaliah Group	Inside	Board member	Closed joint stock company
AlMaarefa University	Inside	Board member	Closed joint stock company

Member name

Mr. Sulaiman Abdulrahman Fatani

Names of companies inside or outside the Kingdom in which a Board member of the Company is a member of their current or previous Board of Directors or one of its Managers	Inside/Outside the Kingdom	Membership Capacity	Legal Entity
Nusaned Investment Fund 2 for private equity	Inside	Board member	Joint stock company
Nusaned Investment Fund 2 for private equity	Inside	Investment Committee member	Joint stock company
Enjaz Payment Services Company	Inside	Board member	Closed joint stock company
Enjaz Payment Services Company	Inside	Head of Audit Committee	Closed joint stock company
Al Nazaer Company	Inside	Board member	Limited liability company

1.3 Board of Directors meetings for the first Board session during 2022

Member Name	First Meeting 21 February	Second Meeting 29 June	Third Meeting 14 September	Fourth Meeting 02 November
Mr. Nasser Abdullah Al Bassam	√	√	√	√
Dr. Tarek Abdullah Al Naeem	√	√	√	√
Mr. Yousef Mohammed Al Alkhelewi	√	√	√	√
Mr. Fahd Ibrahim Al Hussain	√	√	√	√
Mr. Sulaiman Abdulrahman Fatani	√	√	√	√
Mr. Ehsan Adnan Doughman	√	√	√	√
Attendance Percentage	100%	100%	100%	100%

2. Committees of the General Assembly and the Board of Directors

According to the requirements of the Corporate Governance Regulation issued by the Capital Market Authority and the Companies Law, the Company has prepared regulations and rules for selecting the Committees' members, their membership term, work mechanisms, and tasks and responsibilities of the Committees that were approved by the Board of Directors and the General Assembly of Shareholders according to the Articles of Association of the Company. The Company has formed several committees of the General Assembly and Board of Directors of the Company with the aim of enhancing and supporting the work of the Company's Management as follows: (1) Audit Committee (2) Nomination and Remuneration Committee (3) Investment Committee.

2.1 Audit Committee

The General Assembly of the Company formed the Audit Committee from three members, all of them are Independent, under the resolution of the General Assembly on 24 Shaaban 1443 AH (corresponding to 27 March, 2022).

2.1.1 Committee members

No	Name	Position	Brief
1	Mr. Sulaiman Abdulrahman Fatani	Head of the Committee	Please check section 1.1 to obtain more details in relation to the experiences, qualifications, current and previous positions of the Committee members.
2	Dr. Tarek Abdullah Al Naeem	Member	
3	Mr. Fahd Ibrahim Al Hussain	Member	

2.1.2 Specialisations, tasks, and responsibilities of the Committee

The Committee is concerned with monitoring the Company's business and verifying the integrity and fairness of the reports, financial statements, and internal control systems therein. The tasks of the Committee specifically include:

- 1- Financial reports
- 2- External audit
- 3- Internal audit
- 4- Ensuring compliance

The Audit Committee oversees the internal audit functions, examines their reports, and follows up the application of the corrective procedures for the notes mentioned therein, makes recommendations to the Board of Directors to appoint chartered accountants, their scope of work, suggests their annual fees, follows up their work, and studies their notes on the financial statements. The Committee also evaluates and studies the accounting policies used, expresses opinions regarding them, and makes recommendations to the Board of Directors about them. The responsibilities of the Committee also include evaluation and ensuring the existence of an effective internal control system that is prepared on a sound basis.

The Committee also reviews the interim and annual financial statements of the Company before presenting them to the Board of Directors. During the year, the Audit Committee audited the quarterly financial statements and the annual financial statements and made recommendations about them to the Board of Directors for approval. It has met with the external Auditor and made sure that the financial statements were prepared in accordance with accounting standards and that there are no important or material notes submitted by him/her on the financial statements.

The Audit Committee also discussed the report of the internal Auditor, which did not contain material notes, and submitted a report to the Board of Directors in this regard.

2.1.3 Recommendations of the Committee

The Audit Committee has not issued any recommendations that conflict with the resolutions of the Board of Directors. The Board has not rejected any recommendations submitted by the Committee about appointing or dismissing the Auditor of the Company, determining his/her fees, evaluating his/her performance, or appointing the internal Auditor.

2.1.4 Internal Audit

Perfect Presentation Company adheres to ensuring the existence of an effective internal control system to achieve the organisational goals, protection of assets, preparation of accurate internal and external reports, limit the risks, and compliance with the regulatory requirements. The Audit Committee oversees the works of internal audit, which periodically audit the efficiency and effectiveness of the internal control system to provide a continuous evaluation for the internal control system and its effectiveness. The Committee reviews the reports of the external Auditor, which may contain any deficit in the internal control that is observed by the internal Auditor as part of his/her evaluation of the internal controls.

2.1.5 Opinion of the Audit Committee

The following is the opinion of the Audit Committee in light of the work carried out by the Committee during the year 2022. The Audit Committee believes that the internal control system currently in place in the Company operates with satisfactory effectiveness, with the need to improve some aspects of the effectiveness of the internal control system for the past fiscal year, bearing in mind that any internal control system's implementation, no matter how soundly designed and effective, cannot provide absolute certainty.

2.1.6 Meetings of the Committee for the first session of the Board during 2022

Member Name	First Meeting 11 April	Second Meeting 14 June	Third Meeting 29 August	Fourth Meeting 09 October	Fifth Meeting 28 December
Mr. Sulaiman Abdulrahman Fatani	√	√	√	√	√
Mr. Fahd Ibrahim Al Hussain	√	√	√	√	√
Dr. Tarek Abdullah Al Naeem	√	√	√	√	√
Attendance Percentage	100%	100%	100%	100%	100%

2.2 Nomination and Remuneration Committee

The Board of Directors formed the Nomination and Remuneration Committee from three members under the resolution of the Board of Directors on 20 Rajab 1443 AH (corresponding to 21 February, 2022).

2.2.1 Committee members

No	Name	Position	Brief
1	Mr. Yousef Mohammed Al Alkhelewi	Head of the Committee	Please check section 1.1 to obtain more details in relation to the experiences, qualifications, current and previous positions of the Committee members.
2	Mr. Nasser Abdullah Al Bassam	Member	
3	Dr. Tarek Abdullah Al Naeem	Member	

2.2.2 Specialisations of the Committee

The Committee is concerned with making recommendations for nominations for membership of the Board of Directors and its Committees in accordance with the approved standards, the annual review of the skills required to fill the membership of the Board, reviewing the structure of the Board and making recommendations regarding the changes that can be made. The Committee is also concerned with determining the points of strength and weakness of the Board and how to address them in a way that serves the best interests of the Company as well as evaluating the performance of the Board members and the members of the Board Committees and ensuring the independence of the Independent members on an annual basis. It also sets clear policies for compensation and remuneration of Board members and senior Executives, taking into account performance-related standards. The Committee also prepares periodic and annual reports on the activities of the Committee and an annual disclosure according to the Articles of Association. These reports are submitted to the Board of Directors.

2.2.3 Evaluation of the Board of Directors' performance

Perfect Presentation Company evaluates the performance of the Board of Directors, its Committees, and its members with the purpose of determining the points of strength and weakness and suggesting how to address them in a way that is commensurate with the best interests of the Company. The evaluation process was conducted under the supervision of the Nomination and Remuneration Committee after presenting the mechanisms, methodology, and themes of the evaluation to the Board of Directors. It included the completion of a comprehensive questionnaire that covered the tasks and responsibilities of the Board and Committees, as well as the effectiveness of the meetings of these bodies which includes evaluating the effectiveness of participation and discussions during these meetings, and well-considered resolutions that enhance the Company's performance and achieves its goals. The performance of the Company's Board of Directors during 2022 was outstanding at all levels, as the Board and its Committees abided by the Corporate Governance Regulation and worked within approved policies and regulations. The Board and its Committees carried out their tasks and specialisations as required, and were committed to attending the meetings.

2.2.4 Meetings of the Committee for the first session of the Board during 2022

Member Name	First Meeting 23 March	Second Meeting 19 October
Mr. Yousef Mohammed Al Alkhelewi	✓	✓
Mr. Fahd Ibrahim Al Hussain	✓	✓
Dr. Tarek Abdullah Al Naeem	✓	✓
Attendance Percentage	100%	100%

2.3 Investment Committee

The Board of Directors formed the Investment Committee from four members under the resolution of the Board of Directors on 08 Rabi Al-Thani 1443 AH (corresponding to 02 November, 2022)

2.3.1 Committee members

No	Name	Position	Brief
1	Mr. Nasser Abdullah Al Bassam	Head of the Committee	Please check section 1.1 to obtain more details in relation to the experiences, qualifications, current and previous positions of the Committee members.
2	Mr. Fahd Ibrahim Al Hussain	Member	
3	Mr. Sulaiman Abdulrahman Fatani	Member	
4	Mr. Ehsan Adnan Doughman	Member	

2.3.2 Specialisations of the Committee

The Investment Committee was formed to help the Board of Directors in strategic planning and providing optimal management of the Company's investments within the limits of the authorisations matrix of the Committee as authorised by the Board of Directors, which are:

Reviewing the general framework of the total capital provisions, the model and the structure adopted in implementing the investment activities of the Company and making recommendations to the Board of Directors regarding them. Reviewing the investment opportunity, acquisition and merger activities, and entering into partnerships. Reviewing the impact of proposed transactions and deals on the financial position of the Company, including the required financing and evaluating the impact on the liquidity and indebtedness percentages and making recommendations to the Board of Directors regarding them. Reviewing the progress of integration procedures and programmes that follow the merger or acquisition process of the activity acquired.

2.3.3 Meetings of the Committee for the first session of the Board during 2022

Member Name	First Meeting 20 December
Mr. Nasser Abdullah Al Bassam	✓
Mr. Fahd Ibrahim Al Hussain	✓
Mr. Sulaiman Abdulrahman Fatani	✓
Mr. Ehsan Adnan Doughman	✓
Attendance Percentage	100%



3. Executive Management

The senior Management of the Company consists of a team that has the necessary experiences and skills to manage the Company under the supervision of the Board of Directors. The Chief Executive runs the daily business of the Company according to the directions and policies determined by the Board of Directors to ensure that the Company achieves its goals set by the Board of Directors. The current senior Management team of the Company consists of eight employees:

1- Mr. Ehsan Adnan Doughman (Chief Executive)

Please check section 1.1 to obtain more details in relation to the experiences, qualifications, current and previous positions of the Chief Executive.

2- Mr. Maher Tawfik Bawadi

Current Positions:

Chief Financial Officer (CFO)

Appointment Date:

01 February, 2021

Academic Qualification:

B.Sc. in Business Administration and Accounting, Birzeit University - Palestine, 2001.

Previous Executive Positions:

2019 - 2021: CFO at Perfect Presentation Company.

2008 - 2018: Director of the Finance and Accounting Department at Drake & Scull International, a limited liability company working in the field of electrical contracting.

2005 - 2008: Financial Accountant at Al-Manahil Company, a limited liability company working in the field of education, culture, and entertainment.

2004 - 2005: Resource Planning Specialist at Netsoft Group, a limited liability company working in the field of software.

2002 - 2004: Accountant at the National Finance Company, a limited liability company working in the field of finance.

2001 - 2002: Accountant at Masharif Najd Establishment, an establishment working in the field of mechanical and electronic engineering.

Experiences:

21 years of experience in various fields in the financial sector.

3- Mr. Hussam Ahmed Dwairi

Current Position:

Executive Vice President for Technology and Digital Transformation

Appointment Date:

01 December, 2018

Academic Qualification:

B.Sc. in Information Systems, Yarmouk University - Hashemite Kingdom of Jordan, 2006.

Previous Executive Positions:

2015 - 2018: Business Unit Manager at Perfect Presentation Company.

2014 - 2015: Product Manager at Perfect Presentation Company.

2012 - 2014: Support Division Manager for Applications at Perfect Presentation Company.

2010 - 2012: Senior Software Developer at Perfect Presentation Company.

2007 - 2010: Software Developer at Perfect Presentation Company.

2006 - 2007: Software Developer at FreeSoft Company, a limited liability company established in Jordan working in the field of information technology.

Experiences:

16 years of experience in various fields in the information technology sector:

- Software development
- Product management
- Project management
- Sales engineering
- Applications performance and infrastructure

4- Mr. Mohammed Samih Abu Sheikha

Current Position:

Executive Vice President of Customer Accounts

Appointment Date:

01 January, 2020

Academic Qualification:

B.Sc. in Computer Science, Al-Ahliyya Amman University - Hashemite Kingdom of Jordan, 2001.

Previous Executive Positions:

2016 - 2019: Sales Manager at Perfect Presentation Company.

2008 - 2016: Sales Manager at Dawaer Technologies, a Saudi limited liability company working in the field of information technology and software solutions.

2002 - 2008: Sales Account Manager at Optimiza Technology Solutions Company - Amman, Jordan.

Experiences:

- 20 years of experience in various fields:
- Strategic planning
 - Sales management
 - Applications development

5- Mr. Mohammed Abdullah Eida

Current Position:

Executive Vice President of Project Management

Appointment Date:

01 August, 2019

Academic Qualification:

MBA, the American University - 2006

Previous Executive Positions:

2019 - 2023: Vice President of Project Management at Perfect Presentation Company.

2014 - 2019: Project Office Manager at Technology Control Company.

2013 - 2014: Senior Project Manager at Everteam Company.

2009 - 2013: Senior Project Manager at Arabic Computer Company.

2000 - 2009: Computer Trainer at New Horizons Company.

Experiences:

- 24 years of experience in various fields:
- Project management
 - Training

6- Ms. Zainab Mohammed Naqrash

Current Position:

Executive Vice President of Shared Services

Appointment Date:

01 February, 2021

Academic Qualification:

Master in Human Resources Management, Cambridge Training College - UK, 2020.

B.Sc. in Economics and Administrative Sciences, Imam Mohammed bin Saud Islamic University - KSA, 2013.

Previous Executive Positions:

2016 - 2019: COO at Perfect Presentation Company.

2014 - 2016: Human Resources Manager at Perfect Presentation Company.

2011 - 2013: Assistant Manager at Dxa, a limited liability company working in the field of software.

Experiences:

More than 11 years of experience in management.

7- Mr. Anas Abdul-Malik Al Sheikh

Current Position:

Legal Department Director

Appointment Date:

01 April, 2022

Academic Qualification:

Bachelor in Shariah, Imam Mohammad Ibn Saud Islamic University - KSA, 2011

Previous Executive Positions:

2020 - 2022: Founding Partner at Al Alshaiikh & Alowain Law Firm, a professional firm working in the field of law.

2019 - 2020: Founding Partner at Al Mubarak, Al Alshaiikh & Alowain Law Firm, a professional firm working in the field of law.

2018 - 2019: Licensed Lawyer and Legal Advisor at Sultan Bin Zahem Law Firm and Consultations, a professional firm working in the field of law.

2014 - 2017: Trainee Lawyer at Sultan Bin Zahem Law Firm and Consultations.

Experiences:

9 years of experience in the field of law.

8- Mr. Mohammed Qasim Al Hussain

Current Position:

Compliance Department Director

Appointment Date:

03 April, 2022

Academic Qualification:

B.A. in the English Language, King Faisal University - KSA, 2020

Experiences:

18 years of experience in the field of banks and corporate.

Previous Executive Positions:

2021 - 2022: Director of Compliance and Anti-Money Laundering and Counter Terrorist Financing Department at SHL Finance Company, a listed joint stock company working in the field of home financing.

2020 - 2020: Director of Compliance and Anti-Money Laundering, Counter Terrorist Financing, and Financial Crimes Department at BayanPay Company Limited, a limited liability company working in the field of payment technology.

2017 - 2020: Compliance and Anti-Money Laundering, Counter Terrorist Financing, and Financial Crimes Officer at Al-Amthal Finance Company, a joint stock company working in the field of financing.

2011 - 2017: Analytical Investigator for Anti-Money Laundering and Counter Terrorist Financing at the Arab National Bank, a listed joint stock company working in the field of banking.

2010 - 2010: Executive Assistant in the Compliance Department at Deutsche Bank, a listed joint stock company working in the field of banking.

2004 - 2010: Final Auditor at Samba Financial Group, a listed joint stock company working in the field of banking.

4. Profit Distribution Policy

The Board of Directors sets a clear policy regarding the dividends in accordance with Article No. (50) of the Company's Articles of Association. The annual net profits are distributed as follows:

- 10% of the net profits are set aside to form a statutory reserve, and the Ordinary General Assembly may stop setting aside such reserve, when the aforementioned reserve reaches 30% of the paid-up capital.
- The Ordinary General Assembly, based on a proposal by the Board of Directors, may set aside a percentage of the net profits to form a consensual reserve to be allocated for a specific purpose(s).
- The Ordinary General Assembly may decide to form other reserves, to the extent that achieves the interest of the Company or ensures the distribution of fixed profits as much as possible to the Shareholders. The said Assembly may also deduct from the net profits amounts to establish social institutions for the employees of the Company or to assist existing institutions.
- The Ordinary General Assembly may then distribute the remainder to the Shareholders of the Company, provided that the percentage of these profits shall not be less than 1% of the capital of the Company.

The Company may distribute interim profits to its Shareholders on a semi-annual or quarterly basis by a resolution of the Board of Directors based on an authorisation by the General Assembly of the Company, if the financial position of the Company allows this and it has liquidity in accordance with the controls and procedures set by the competent authority.

4.1 Percentages of profits distributed to Shareholders during the various periods of the fiscal year 31 December, 2022, and the total of these profits

Date	Percentage of Distributed Profits			Total Profits
	12 April, 2022	03 August, 2022	12 January, 2023	
Percentages	11.33%	6%	7%	24.33%
Total	17,000,000	9,000,000	10,500,000	36,500,000

5. Disclosure of Remuneration for Board Members, Committee Members and Executive Management

The "Remuneration Policy for the Board of Directors, its Committees, and the Executive Management of Perfect Presentation Company for Commercial Services" was prepared pursuant to the provisions of Paragraph (1) of Article (61) of the Corporate Governance Regulation issued by the Board of the Capital Market Authority, and approved by the General Assembly of the Company on 27 March, 2022, and the conformity of the remuneration granted to the Board members and senior Executives to the approved policy was taken into account.

5.1 Remuneration of Board members and Committee members

5.1.1 Remuneration policy for Board members and Committee members

In accordance with the policy of remuneration of the Board of Directors, its Committees and the Executive Management, the remuneration was approved by the decision of the General Assembly for the Company's shareholders on 08/24/1443 AH, corresponding to 27 March, 2022.

- 1- According to Article (23) of the Articles of Association of the Company, the remuneration of the Board members, if any, is determined by the Ordinary General Assembly, and this remuneration may be a specific amount or an allowance for attendance at the meetings, in-kind benefits, or a certain percentage of the net profits, and it is permissible to combine two or more of these benefits, in accordance with the official resolutions and instructions issued in this regard and within the limits stipulated in the Companies Law and its Regulations.
- 2- According to Paragraph (2) of Article (76) of the Companies Law, it indicated that if the remuneration is a specific percentage of the profits of the Company, then this percentage may not exceed 10% of the net profits, after deducting the reserves that were decided by the General Assembly in implementation of the provisions of Law and the Articles of Association of the Company and after distributing a profit to the Shareholders of not less than 5% of the paid-up capital of the Company, provided that the entitlement to this remuneration is proportionate with the number of sessions attended by the member, and any estimate contrary to that shall be null and void.
- 3- The sum of what a member of the Board of Directors receives in terms of financial or in-kind rewards and benefits does not exceed SAR 500,000 annually, according to the controls set by the competent authority.
- 4 - The remuneration of the Board members consists of a lump sum of SAR 150,000 for each member and shall be included in the report of the Board of Directors.
- 5- Each member of the Committees of the Board shall receive a remuneration of SAR 50,000, and the annual remuneration shall be calculated as of the date of the Board's approval of the member joining the Committee.
- 6 - A fee amounting to SAR 3,000 shall be paid as an attendance allowance for each meeting of the Board and its Committees.
- 7 - Taking into account that the remuneration of the Independent Board members is not a percentage of the profits achieved by the Company, or that it is based directly or indirectly on the profitability of the Company.
- 8 - The Board may review these remunerations when it deems appropriate and in a manner that does not contradict the Articles of Association of the Company and other relevant laws, and based on the appropriate recommendation of the Nomination and Remuneration Committee, provided that what has been paid and what is allocated to the Board member shall be presented in the report of the Board of Directors at the annual meeting of the General Assembly for approval.



5.1.2 Remuneration of the Board members

Detailing the remuneration paid to the Board members during the fiscal year 2022 (in their capacity as Board members): (SAR'000s)

Board of Directors' Members	Fixed Remuneration							Variable Remuneration						Total	Expense Allowance
	Specific Amount	Allowance for Attending Board Meetings	Total Allowance for Attending Committees Meetings	In-Kind Benefits	Remunerations for Technical, Managerial and Consultative Work	Remunerations of the Chairman, Managing Director or Secretary, if a Member	Total	Percentage of Profits	Periodic Remuneration	Short-Term Incentive Plans	Long-Term Incentive Plans	Granted Shares (value is entered)	Total		
First: Independent Members															
Tarek Abdullah Al Naeem	150	12					162								162
Yousef Mohammed Al Alkhelewi	150	12					162								162
Fahd Ibrahim Al Hussain	150	12					162								162
Sulaiman Abdulrahman Fatani	150	12					162								162
Total	600	48					648								648
Second: Non-Executive Members															
Nasser Abdullah Al Bassam	150	12					162								162
Total	150	12					162								162
Third: Executive members															
Ehsan Adnan Doughman	150	12					162								162
Total	150	12					162								162

5.1.3 Remuneration of the Committees

Detailing the remuneration paid to Committee members during the fiscal year 2022 (SAR'000s)

	Fixed Remuneration (Except attendance allowance)	Attendance of Meetings Allowance	Total
Audit Committee			
Sulaiman Abdulrahman Fatani	38.356	15	53.356
Fahd Ibrahim Al Hussain	38.356	15	53.356
Tarek Abdullah Al Naeem	38.356	15	53.356
Compensation and Remuneration Committee			
Yousef Mohammed Al Alkhelewi	43.013	6	49.013
Tarek Abdullah Al Naeem	43.013	6	49.013
Nasser Abdullah Al Bassam	43.013	6	49.013

	Fixed Remuneration (Except attendance allowance)	Attendance of Meetings Allowance	Total
Investment Committee			
Nasser Abdullah Al Bassam	8.219	3	11.219
Fahd Ibrahim Al Hussain	8.219	3	11.219
Sulaiman Abdulrahman Fatani	8.219	3	11.219
Ehsan Adnan Doughman	8.219	3	11.219

5.2 Executive Management Remuneration Policy

- The policy includes employees of all Executive and senior Management levels in the Company, so that the Nomination and Remuneration Committee determines annually the targeted Executive and administrative job positions (Executives).
- The remuneration is a lump sum to be paid to the Executive and senior Management positions in addition to the basic salary to reward performance and achievements in return for achieving set annual goals. In general, its aim is to achieve the following:
 - Attract and retain the best competencies.
 - Motivate and raise the level of employee performance to achieve the annual goals of the Company and to reflect and commensurate with the tasks and responsibilities.
 - Link employee performance to the annual goals of the Company.
 - Justice and fairness that the remuneration and the performance indicator associated with it be clear and measurable and related to the institutional performance as a whole and the personal performance of each of the employees, as remunerations are paid only on the basis of the results of a strict performance evaluation process.

5.2.1 Remuneration of senior Executives

Detailing remunerations paid to five senior Executives, who received the highest remunerations, including the Chief Executive and the Chief Financial Officer during the fiscal year 2022: (SAR'000s)

	Fixed Remuneration				Variable Remuneration								
	Salaries	Allowances	In-kind benefits	Total	Periodic Bonuses	Earnings	Short-Term Incentive Plans	Long-Term Incentive Plans	Shares awarded (value is entered)	Total	End-of-service benefits	Total	Total Executives' compensation and remuneration for the Board, if any
Total	2,133	867	246	3,246		3,720					227.5	7,193.5	

Clarifying the commitment of Perfect Presentation Company to the remuneration granted to senior Executives as a whole according to the statutory requirements mentioned in Sub-paragraph (B) of Article (93) of the Corporate Governance Regulation, but to protect the interests of the Company, its Shareholders and affiliates, and to avoid any harm that may result from disclosing separately according to the position, the details are not presented as contained in the Annex (A) of senior Executives from the Corporate Governance Regulation.

5.3 The relationship between the granted remuneration and the applicable remuneration policy

Based on the remuneration policy of the Board of Directors, its Committees, and the Executive Management, which was previously referred to in this report, and in light of the remunerations paid to the Board, Committees, and Executive Management, consistency with the approved policy of the Company is indicated without any material deviation from the aforementioned policy.

6. Business and Contracts

6.1 Transactions with related party companies

The related party transactions are either of a recurring or non-recurring nature. During the fiscal year 2022, some contracts continued, in which Perfect Presentation Company was a party, and in which there was an interest for some members of the Board of Directors. Some of these contracts were agreed upon in previous years and come as a continuation of continuous relationships that began before the fiscal year 2022. We summarise these contracts in the table below, as follows:

Contract Party	Nature of Business or Contract	Amount of Business or Contract (in SAR)	Business or Contract Term	Business or Contract Conditions	Name of related Board members or senior Executives or any person that has a relationship with any of them
IT Belt Company	Lease	483,000.00	Annual	There are no special conditions	Mr. Nasser Abdullah Al Bassam, Chairman of the Board
IT Belt Company	Work execution contract	27,700,000	3-years	There are no special conditions	Mr. Nasser Abdullah Al Bassam, Chairman of the Board
Cloud Distribution Company for Communication and Information Technology	Framework agreement	57,392,375.00	Limited term	There are no special conditions	Mr. Nasser Abdullah Al Bassam, Chairman of the Board
Sustainable Technology Company for Energy	Work execution contract	14,248.82	24 months	There are no special conditions	Mr. Nasser Abdullah Al Bassam, Chairman of the Board
Al-Taqnia Al-Rayesia Contracting Est.	Lease	105,750.00	Annual	There are no special conditions	Mr. Salih Ibrahim Al Mazrou, one of the major Shareholders
Perfect Presentation Company for Commercial Services (Egypt)	Framework agreement	10,131,988.00	Unlimited term	There are no special conditions	Mr. Nasser Abdullah Al Bassam, Chairman of the Board and Mr. Salih Ibrahim Al Mazrou, one of the major Shareholders
Al Alshaikh & Alowain Law Firm	Attorney's contract	540,000.00	2022	There are no special conditions	Mr. Anas Al-Sheikh, one of the senior Executives

6.2 Engagement in competitive works

According to what is stipulated in Article (27/2) of the Companies Law and Article (44) of the Corporate Governance Regulation regarding the engagement of a number of Board members of Perfect Presentation Company in competitive work, the below table details the Board members who were engaged in such work during the fiscal year ending on 31 December, 2022.

Company Name	Legal Form	Name of the Board members engaged in the works
IT Belt Company	Closed joint stock company	Mr. Nasser Abdullah Al Bassam, Chairman of the Board
Cloud Distribution Company for Communication and Information Technology	Limited liability company	Mr. Nasser Abdullah Al Bassam, Chairman of the Board
Sustainable Technology Company for Energy	Limited liability company	Mr. Nasser Abdullah Al Bassam, Chairman of the Board
Thiqah Business Services	Government company	Mr. Yousef Mohammed Al Alkhelewi

7. Financial Obligations

7.1 Borrowing

	Name of the Lender	Facilities Type	Principal Amount of the Loan	Loan Term	Amount Paid for the Repayment of the Loan during the year	Remaining Amount of the Loan	Total Indebtedness of the Company and its Subsidiaries
1	Riyadh Bank	Projects financing	304,954,026	360	170,753,725	134,200,301	
2	Saudi British Bank	Projects financing	178,925,223	150	165,996,385	12,928,838	
3	Arab National Bank	Projects financing	22,764,170	270	21,288,079	1,476,091	
4	National Bank of Bahrain	Projects financing	33,298,239	180	33,298,239	-	161,639,210
5	Saudi National Bank	Projects financing	10,224,922	120	10,224,922	-	
6	Emirates NBD	Projects financing	830,972	180	830,970	-	
7	Bank Aljazira	Projects financing	21,499,283	180	16,009,789	5,489,494	
8	National Bank of Bahrain	Long-term loan	10,801,043	1,800	3,256,555	7,544,487	

7.2 Statutory payments

Statement	2022		Brief Description	Reasons
	Paid (SAR)	Due at the end of the annual fiscal period and has not been paid (SAR)		
Zakat	3,089,868	4,836,260	Zakat provision for 2022	-
Tax	44,015,606	3,385,883	December 2022 acknowledgement	Payment order has not been issued on Etimad Platform+ December acknowledgement
General Organisation for Social Insurance	40,064,373	3,197,595	December 2022 invoice	December 2022 invoice
Costs of visas and passports	805,787	-	Visas for employees	Recruiting labour and exit and entry visas
Labour office fees	8,739,023	-	Residency for employees	Obtaining and renewing residency for employees

7.3 Penalties and violations

Sanction/ Penalty/ Precautionary Measure/ Entry/ Preventative Measure	Violation Reason	Entity Imposing the Violation	Violation Amount (SAR)	Ways to address it and prevent its occurrence in the future
Violation	The Company's non-compliance with the special conditions for providing the messaging service	Communications, Space and Technology Commission	50,000.00	The necessary measures were taken and the deficiencies that occurred were corrected by the Company to prevent the recurrence of this violation.

8. Ownership of the Company

On 24 Shaaban 1443 AH (corresponding to 27 March, 2022), the Extraordinary General Assembly of the Company approved increasing the capital of the Company from SAR 20,000,000 to SAR 150,000,000 and the disclosed information was based on the records of the Saudi Capital Market (Tadawul).

8.1 Major Shareholders and change in equity

The names, number of shares, and ownership percentage of the major Shareholders, who own 5% and more, and any changes during 2022 are mentioned in the below table:

Shareholder Name	Beginning of 2022		End of 2022		Changes	
	Number of Shares	Ownership Percentage	Number of Shares	Ownership Percentage	Number of Shares	Percentage
Al Amthal Commercial and Investment Company	652,000	32.60%	3,423,000	22.82%	(2,771,000)	(9.78)%
Mr. Nasser Abdullah Al Bassam	260,000	13.00%	1,365,000	9.10%	(1,105,000)	(3.90)%
Mr. Salih Ibrahim Al Mazrou	260,000	13.00%	1,365,000	9.10%	(1,105,000)	(3.90)%

Acknowledgment: in connection with the ownership movements of the major Shareholders in accordance with the listing rules, the Company confirms that it did not receive any written notice during the year 2022 from any of the major Shareholders to indicate any changes or movement in their percentage of ownership.

8.2 Percentage of share ownership and its change during 2022 for the Board members and senior Executives, their spouses, and minor children

8.2.1 Board members, their spouses, and minor children

The following table shows the number of Company shares owned by the Board members during the fiscal year 2022:

Shareholder Name	Beginning of 2022		End of 2022		Changes	
	Number of Shares	Ownership Percentage	Number of Shares	Ownership Percentage	Number of Shares	Percentage
Mr. Nasser Abdullah Al Bassam	260,000	13.00%	1,365,000	9.10%	(1,105,000)	(3.90)%
Dr. Tarek Abdullah Al Naeem	-	-	-	-	-	-
Mr. Yousef Mohammed Al Alkhelewi	-	-	-	-	-	-
Mr. Fahd Ibrahim Al Hussain	-	-	-	-	-	-
Mr. Sulaiman Abdulrahman Fatani	-	-	-	-	-	-
Mr. Ehsan Adnan Doughman	-	-	-	-	-	-

8.2.2 Senior Executives

The following table shows the number of Company shares owned by the senior Executives during the fiscal year 2022:

Shareholder Name	Beginning of 2022		End of 2022		Changes	
	Number of Shares	Ownership Percentage	Number of Shares	Ownership Percentage	Number of Shares	Percentage
Mr. Maher Tawfik Bawadi	-	-	2,500	0.02%	2,500	0.02%

9. Shareholders of the Company

9.1 Ordinary General Assembly

The Ordinary General Assembly was held twice during 2022, and the Ordinary General Assembly was held through modern technological means. Below is a statement of the dates of the General Assemblies of Shareholders held during 2022 and the names of the Board members who attended the meetings of these Assemblies:

Member Name	24 May	16 October
Mr. Nasser Abdullah Al Bassam	Attended	Attended
Dr. Tarek Abdullah Al Naeem	Did not attend	Did not attend
Mr. Yousef Mohammed Al Alkhelewi	Did not attend	Did not attend
Mr. Fahd Ibrahim Al Hussain	Did not attend	Did not attend
Mr. Sulaiman Abdulrahman Fatani	Did not attend	Did not attend
Mr. Ehsan Adnan Doughman	Did not attend	Did not attend

9.2 Extraordinary General Assembly

The Extraordinary General Assembly was held once in 2022 through modern technological means. Below is a statement of the date of the Extraordinary General Assembly of Shareholders held during 2022 and the names of the Board members who attended the meeting of this Assembly:

Member Name	27 March
Mr. Nasser Abdullah Al Bassam	Attended
Dr. Tarek Abdullah Al Naeem	Did not attend
Mr. Yousef Mohammed Al Alkhelewi	Did not attend
Mr. Fahd Ibrahim Al Hussain	Did not attend
Mr. Sulaiman Abdulrahman Fatani	Did not attend
Mr. Ehsan Adnan Doughman	Did not attend

9.3 Table for Shareholders Register requests

The register of Shareholders has been requested from the Securities Depository Centre Company (Edaa) nine times during 2022, and the following is a statement of the dates of the request and the reasons:

SN.	Request Date	Request Reason
1	11/15/2022	Underwriting correction
2	11/15/2022	Underwriting correction
3	11/15/2022	Underwriting correction
4	11/15/2022	Underwriting correction
5	11/16/2022	Underwriting correction
6	11/16/2022	Underwriting correction
7	11/22/2022	Underwriting correction
8	11/19/2022	Profits file
9	11/20/2022	Profits file

9.4 Most important resolutions of the Board during 2022

- 1- Making recommendation to the General Assembly for approval on discharging the Board of Directors from liability for the work conducted during the year ending on 31 December, 2021.
- 2- Approving and making recommendation to the General Assembly for approval of the external Auditor's report and the financial statements of the Company for the period ending on 31 December, 2021.
- 3- Approving and making recommendation to the General Assembly for approval on the report of the Board of Directors for the fiscal year ending on 31 December, 2021.
- 4- Approving and making recommendation to the General Assembly for approval on authorising the Board of Directors to distribute interim profits on a semi-annual or quarterly basis for the year 2021, if the financial position of the Company allows this and it has the necessary liquidity and it is in accordance with the controls and procedures set by the competent authority.
- 5- Approving and making recommendation to the Extraordinary General Assembly to increase the capital of the Company from SAR 20,000,000 to SAR 150,000,000, an increase amounting to SAR 130,000,000 divided into 13,000,000 shares, making the nominal value of each share SAR 10, through the capitalisation. The amount of increase in capital originates from the retained profits account in the Company.
- 6- Approving and making recommendation to the General Assembly to offer and list 4,500,000 ordinary shares of the Company's shares, which represent 30% of the Company's capital, in the main market of the Saudi Capital Market (Tadawul).
- 7- Approving and making recommendation to the General Assembly for approval on the proposed amendments to some of the articles of the Articles of Association of the Company.
- 8- Approving and making recommendation to the General Assembly for approval on the regulation of the Audit Committee, the Nomination and Remuneration Committee, policies of remuneration of the Board and the Committees, policies and standards of the Board of Directors' membership.
- 9- Approving the authorisation of the Board of Directors to distribute interim profits on a semi-annual or quarterly basis for the year 2022, if the financial position of the Company allows this and it has the necessary liquidity and it is in accordance with the controls and procedures set by the competent authority.
- 10- Unanimously approving the distribution of cash dividends to Shareholders for the first quarter of 2022 in the amount of SAR 17,000,000, representing 11.33% of the Company's capital, and the dividend of the share will be SAR 1.13, provided that eligibility will be given to the Shareholders who own shares in the Shareholders register of the Company.
- 11- Unanimously approving the distribution of cash dividends to Shareholders for the second quarter of 2022 in the amount of SAR 9,000,000, representing 6% of the Company's capital, and the dividend of the share will be SAR 0.6, provided that eligibility will be given to the Shareholders who own shares in the Shareholders register of the Company.

12- Approving and making recommendation to the General Assembly for approval on business and contracts conducted during 2022.

13- Unanimously approving the distribution of cash dividends to Shareholders for the third quarter of 2022 in the amount of SAR 10,500,000, representing 7% of the Company's capital, and the dividend of the share will be SAR 0.7, provided that eligibility will be given to the Shareholders who own shares in the Shareholders register at Securities Depository Centre Company (Edaa).

9.5 The measures taken by the Board of Directors to inform its members - especially Non-Executives - about the Shareholder's proposals and notes regarding the Company and its performance.

The Investor Relations Department of Perfect Presentation Company works in constant and continuous communication with all the Company's Shareholders through various communication channels. The Investor Relations Department is responsible for all communications with investors and Shareholders, and submits its reports to the Board of Directors by providing an update on Shareholders' notes periodically and the Stakeholders' views, which are of paramount importance to us.

10. Compliance with the Corporate Governance Regulation

The Board of Directors sets corporate governance rules that do not conflict with the mandatory provisions of the Corporate Governance Regulation, and it must monitor their implementation, verify their effectiveness, and amend them when needed.

SN.	Article No.	Article Provision	Non-Compliance Reasons
1	9 paragraph C	The Shareholder is entitled to a share of the profits in accordance with the decision of the General Assembly issued regarding the distribution of profits to Shareholders, or the decision of the Board of Directors to distribute interim profits, and the decision indicates the date of maturity and the date of distribution, provided that the decision is implemented in accordance with what is stipulated in the regulatory controls and procedures issued in the implementation of the private companies law listed joint stock companies.	The Board's decision did not stipulate the maturity date or the distribution date due to the Company's recent status as a listed company, as it was listed in the market shortly before the decision was issued. Noting that the Board of Directors was keen and verified the Company's compliance with the rest of the other controls, whether those mentioned in the Corporate Governance Regulations or otherwise (the Company also received a notice from the Authority in this regard).
2	70	Formation of Risks Committee	(Guiding Article) Risks Committee has not been assigned because it is not a mandatory committee by the Capital Market Authority. However, its powers have been added to the specialisations of the Audit Committee to be exercised by it.
3	87	Social responsibility	(Guiding Article) The policy has been set; it only needs the approval of the General Assembly.
4	95	Formation of Corporate Governance Committee	(Guiding Article) Corporate Governance Committee has not been assigned because it is not a mandatory committee by the Capital Market Authority. However, its powers have been added to the specialisations of the Board of Directors to be exercised by it.

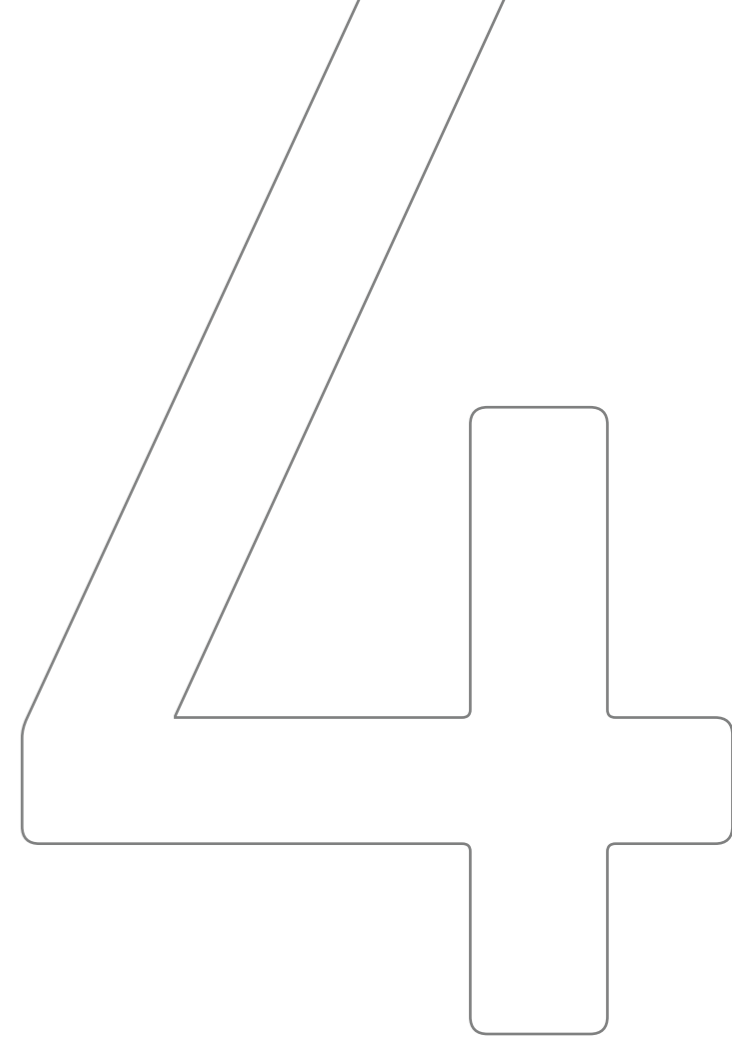
11. Notes on 2022

- a. There are no treasury shares at the Company.
- b. There are no debt instruments issued by the Company.
- c. There are no debt instruments for the Company, and there are no interests, contractual documents, or underwriting rights owned by the Board members, the Executive Management, or their relatives in its shares or any of its subsidiaries.
- d. The Company has not issued or granted any debt instruments convertible into shares, contractual securities, option rights, underwriting right notes or similar rights.
- e. The Company did not issue any bonds, and accordingly the Company did not redeem, purchase or cancel any redeemable debt instruments.
- f. There is no arrangement or agreement under which a Shareholder of the Company waives any rights to profits.
- g. There is no arrangement or agreement under which a member of the Board of Directors or a senior Executive in the Company waives any rights to profits.
- h. There are no other investments or reserves created for the benefit of the employees of Perfect Presentation Company.
- i. The consolidated financial statements have been prepared in accordance with international financial standards and in accordance with the Company's regulations and Articles of Association with regard to the preparation and publication of the financial statements.
- j. The Company does not have any transfer or subscription rights under any convertible debt instrument, contractual securities, guarantees or similar rights whether issued or granted.
- k. There is no difference from the approved accounting standards (IFRS) from the Saudi Organisation for Chartered and Professional Accountants.
- l. The Company did not receive any notes or opinions from the Shareholders regarding the Company or its performance.
- m. The external Auditor's report did not include any reservations on the annual financial statements.
- n. The Board did not decide or recommend the change of the Company's Auditor during the year.
- o. The Audit Committee recommended the appointment of a coordinator for the Internal Audit Department with the current internal Auditor (Echo Vest) to carry out coordination and follow-up work between the Perfect Presentation Company and the current internal Auditor (Echo Vest).

12. Acknowledgement of the Board of Directors

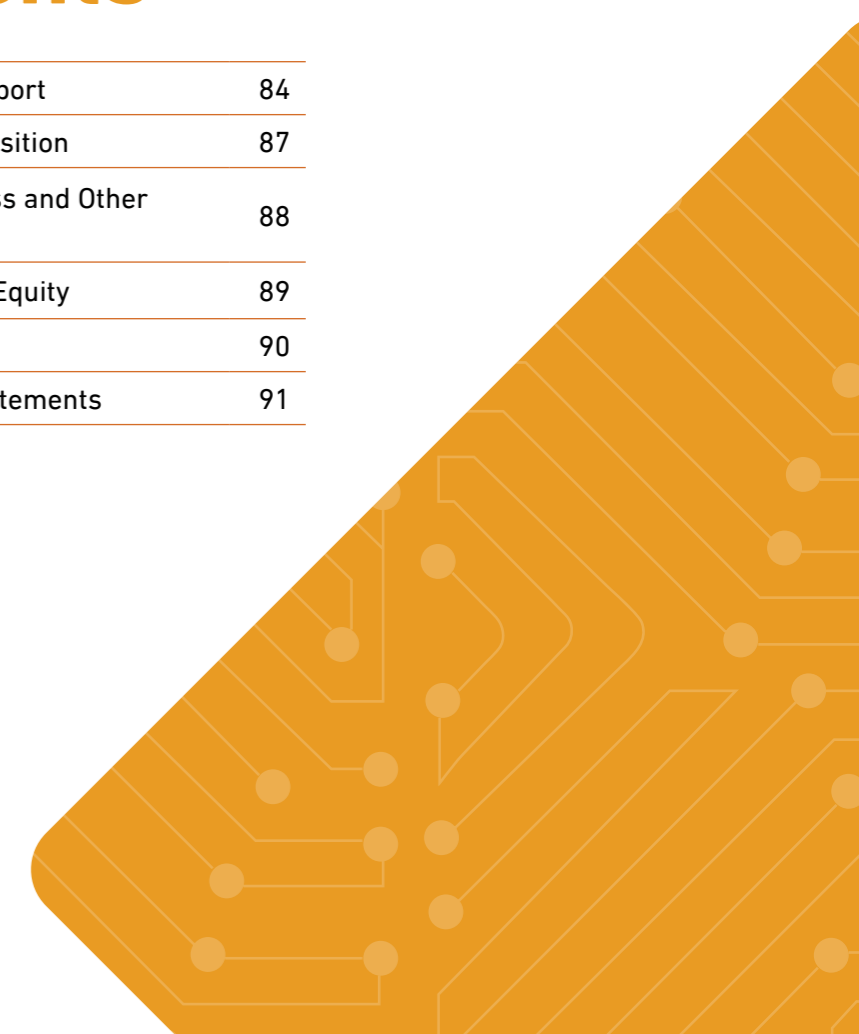
The Board of Directors of Perfect Presentation Company acknowledges the following:

1. The account records have been properly prepared.
2. The internal control system has been prepared on sound foundations and implemented effectively.
3. There is no doubt about the Company's ability to continue its activities.



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Independent Auditor's Report

**To the Shareholders
Perfect Presentation for Commercial Services Company
(A Saudi Joint Stock Company)
Riyadh, Kingdom of Saudi Arabia**

Opinion

We have audited the financial statements of Perfect Presentation for Commercial Services Company, (the "Company"), which comprise the statement of financial position as at December 31, 2022, the statement of profit or loss and other comprehensive income, the statement of changes in equity, statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant 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, 2022, its financial performance, and its cash flows for the year then ended in accordance with International Financial Reporting Standards that are endorsed in the Kingdom of Saudi Arabia and other standards and pronouncements issued by the Saudi Organization for Chartered and Professional Accountants ("SOCPA").

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 "Auditor's Responsibilities for the Audit of the Financial Statements" section of our report. We are independent of the Company in accordance with International Code of Ethics for Professional Accountants (including International Independence Standards) issued by the International Ethics Standards Board for Accountants and endorsed in the Kingdom of Saudi Arabia. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of the most significance in our audit of the financial statements of the current year. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Below is a description of the key audit matter and how we addressed it.

Key audit matter: Revenue recognition	
The key audit matter	How the matter was addressed in our audit
<p>The Company's contracts with customers include multiple services which include maintenance and operation services, call center services, licensing, and development services, amounted to SR 927,170,895 for the year ended December 31, 2022 (December 31 2021: SR 655,478,211).</p> <p>As required under IFRS 15 "Revenue from Contracts with Customers", Management identifies customer contracts relating to services provided, and for each type of contract identified, Management determines the performance obligations that exist under the contract. Revenue is then allocated to the performance obligations under the contract using observable market prices for each stand-alone service provided. Management recognizes revenue either at a point in time or over time depending on the assessment made in each case against the requirements of IFRS 15.</p> <p>Due to the variety of contractual arrangements with the customers, Management exercised diligence on some contracts concerning the determination of the appropriate measurement and timing of recognition of different elements of revenue, revenue recognition was identified as a key audit matter.</p>	<p>Our audit procedures performed included, among others, the following:</p> <ul style="list-style-type: none"> Assessed the design and implementation of relevant controls in relation to revenue recognition, Reviewed the revenue recognition policy applied by the company to ensure compliance with IFRS 15 requirements, Obtaining the study prepared by the Management, which includes the appropriate level of revenue to be recognized. A sample is selected, and the following procedures are performed, on a sample basis: <ul style="list-style-type: none"> Traced the transaction price to the underlying contract executed with the customer. Assessed whether the transaction price allocated to identify performance obligations is in line with IFRS 15. Assess the timing of revenue recognition at a point in time or over period as per the requirements of IFRS 15. We examined a sample of the revenues during the year and verified the supporting documents. Assessed the adequacy of the relevant disclosures in the company's financial statements to comply with IFRS requirements.

Refer to note (4) on accounting policies for revenue, and note (23) on revenue details

Other information included in the Company's 2022 Annual Report

Management is responsible for the other information in its annual report. The other information consists of the information included in the Company's 2022 annual report other than the 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 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 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 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 Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with International Financial Reporting Standards that are endorsed in the Kingdom of Saudi Arabia and other standards and pronouncements issued by SOCPA and 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, i.e., the Board of Directors, 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 auditors' report that includes our opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with International Standards on Auditing that are endorsed in the Kingdom of Saudi Arabia will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with International Standards on Auditing that are endorsed in the Kingdom of Saudi Arabia, we exercise professional judgment and maintain professional skepticism throughout the audit. We are 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 for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the 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 auditors' 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 auditors' report. However, future events or conditions may cause the Company to cease to continue as a going concern.

Independent Auditor's Report (continued)

To the Shareholders, Perfect Presentation for Commercial Services Company

- 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.

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 financial statements of the current year and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

BAKER TILLY MKM & CO.
Certified Public Accountants

Majed Muneer Alnemer
(Certified Public Accountant - License No. 381)
Riyadh on Sha'ban 27, 1444H
Corresponding to March 19, 2023G

PERFECT PRESENTATION FOR COMMERCIAL SERVICES COMPANY (A SAUDI JOINT STOCK COMPANY)

Statement of Financial Position

AS AT 31 DECEMBER, 2022

	Note	December 31, 2022 SR	December 31, 2021 SR
ASSETS			
Non-current assets			
Property and equipment	6	131,124,467	116,674,725
Intangible assets	7	1,201,441	-
Investments at fair value through other comprehensive income	8	2,052,242	1,501,504
Total Non-current assets		134,378,150	118,176,229
Current assets			
Inventory	9	294,737	891,775
Due from related parties	10	2,332,534	1,606,871
Contracts assets	11	299,993,022	192,098,326
Trade receivables	12	286,489,810	97,829,429
Prepayments and other debit balances	13	16,496,287	21,290,013
Cash and cash equivalents	14	67,212,171	69,459,058
Total current assets		672,818,561	383,175,472
TOTAL ASSETS		807,196,711	501,351,701
EQUITY AND LIABILITIES			
Equity			
Share capital	15-A	150,000,000	20,000,000
Additional share capital	15-B	-	6,670,311
Statutory reserve	16	13,145,523	6,000,000
Retained earnings		90,453,988	127,046,679
Total equity		253,599,511	159,716,990
Liabilities			
Non-current liabilities			
Employees' defined benefits obligations	17	26,421,654	20,915,940
Non-current portion of long-term loans	18-A	5,364,766	7,256,103
Total non-current liabilities		31,786,420	28,172,043
Current liabilities			
Trade payables		144,450,439	67,425,738
Due to related parties	10	21,649,057	5,957,688
Short-term loans	18-B	152,016,870	84,033,300
Current portion of long-term loans	18-A	2,179,721	2,697,331
Contract liabilities	19	70,693,746	58,337,143
Accrued expenses and other credit balances	20	115,055,546	91,538,079
Dividends payable	22	10,500,000	-
Zakat payable	21	5,265,401	3,473,389
Total current liabilities		521,810,780	313,462,668
Total liabilities		553,597,200	341,634,711
TOTAL EQUITY AND LIABILITIES		807,196,711	501,351,701

The accompanying notes form an integral part of these financial statements.

Chairman of Board of Directors
Nasser AL Bassam

Chief Executive Officer
Ehsan Doughman

Chief Financial Officer
Maher Bawadi

PERFECT PRESENTATION FOR COMMERCIAL SERVICES COMPANY (A SAUDI JOINT STOCK COMPANY)

Statement of Profit or Loss and Other Comprehensive Income

FOR THE YEAR ENDED 31 DECEMBER, 2022

	Note	December 31, 2022 SR	December 31, 2021 SR
Revenue	23	927,170,895	655,478,211
Cost of revenue	24	(746,745,080)	(539,472,411)
Gross profit		180,425,815	116,005,800
Selling and marketing expenses	25	(9,040,438)	(7,803,550)
General and administrative expenses	26	(28,915,368)	(20,454,050)
Impairment loss on contract assets and trade receivables	12	(4,404,632)	(1,504,430)
Income from main operations		138,065,377	86,243,770
Finance cost	27	(3,858,045)	(3,774,493)
Other income, net	28	2,099,547	1,719,919
Dividends from investments at fair value		30,235	39,073
Profit before zakat		136,337,114	84,228,269
Zakat	21	(4,881,880)	(3,612,703)
Profit for the year		131,455,234	80,615,566
Other comprehensive income			
Items that will not be reclassified to profit or loss in subsequent years:			
Remeasurements of employees' defined benefit obligations	17	(1,623,451)	(126,915)
Revaluation of investment at fair value through other comprehensive income	8	550,738	487,477
Total other comprehensive (loss) / income for the year		(1,072,713)	360,562
Total comprehensive income for the year		130,382,521	80,976,128
Earnings per share:			
Basic and diluted	29	8.76	5.37

The accompanying notes form an integral part of these financial statements.

Chairman of Board of Directors
Nasser AL Bassam

Chief Executive Officer
Ehsan Doughman

Chief Financial Officer
Maher Bawadi

PERFECT PRESENTATION FOR COMMERCIAL SERVICES COMPANY (A SAUDI JOINT STOCK COMPANY)

Statement of Changes in Equity

FOR THE YEAR ENDED 31 DECEMBER, 2022

	Note	Share capital SR	Additional share capital SR	Statutory reserve SR	Retained earnings SR	Total equity SR
For the year ended December 31, 2021:						
Balance as at January 1, 2021		20,000,000	6,670,311	6,000,000	78,447,113	111,117,424
Profit for the year		-	-	-	80,615,566	80,615,566
Other comprehensive income for the year		-	-	-	360,562	360,562
Total comprehensive income for the year		-	-	-	80,976,128	80,976,128
Dividends	22	-	-	-	(32,376,562)	(32,376,562)
Balance as at December 31, 2021		20,000,000	6,670,311	6,000,000	127,046,679	159,716,990
For the year ended December 31, 2022:						
Balance as at January 1, 2022		20,000,000	6,670,311	6,000,000	127,046,679	159,716,990
Profit for the year		-	-	-	131,455,234	131,455,234
Other comprehensive loss for the year		-	-	-	(1,072,713)	(1,072,713)
Total comprehensive income for the year		-	-	-	130,382,521	130,382,521
Transfer to capital share	15-G	130,000,000	(6,670,311)	(6,000,000)	(117,329,689)	-
Transfer to statutory reserve	16	-	-	13,145,523	(13,145,523)	-
Dividends	22	-	-	-	(36,500,000)	(36,500,000)
Balance as at December 31, 2022		150,000,000	-	13,145,523	90,453,988	253,599,511

The accompanying notes form an integral part of these financial statements.

Chairman of Board of Directors
Nasser AL Bassam

Chief Executive Officer
Ehsan Doughman

Chief Financial Officer
Maher Bawadi

PERFECT PRESENTATION FOR COMMERCIAL SERVICES COMPANY (A SAUDI JOINT STOCK COMPANY)

Statement Of Cash Flows

FOR THE YEAR ENDED 31 DECEMBER, 2022

	December 31, 2022 SR	December 31, 2021 SR
Operating activities		
Profit before zakat	136,337,114	84,228,269
Adjustments for:		
Depreciation and amortization	4,336,349	2,890,697
Impairment loss on contract assets and trade receivables	4,404,632	1,504,430
Losses on disposal of property and equipment	-	296,355
Employees' defined benefit obligation cost	12,492,204	11,671,738
Financing costs for defined employee benefits	461,792	283,141
Changes in operating assets and liabilities:		
Inventory	597,038	4,521,503
Due from/to related parties	14,965,706	(6,350,729)
Contracts assets	(109,382,636)	(130,391,091)
Trade receivables	(191,577,073)	22,018,707
Prepayments and other debit balances	4,793,726	(6,742,630)
Trade payables	77,024,701	40,040,908
Contract liabilities	12,356,603	28,878,231
Accrued expenses and other credit balances	23,517,467	50,943,190
Cash (used in) from operations	(9,672,377)	103,792,719
Employees' defined benefits obligation paid	(9,071,733)	(4,983,013)
Zakat paid	(3,089,868)	(1,884,616)
Net cash (used in) from operating activities	(21,833,978)	96,925,090
Investing activities		
Purchases of property and equipment	(18,592,310)	(21,802,323)
Purchases of intangible assets	(1,395,222)	-
Disposal of investment in a subsidiary	-	19,089
Net cash used in investing activities	(19,987,532)	(21,783,234)
Financing activities		
Net change in banking facilities	65,574,623	16,145,573
Dividends paid	(26,000,000)	(32,376,562)
Net cash from (used in) financing activities	39,574,623	(16,230,989)
Net change in cash and cash equivalents	(2,246,887)	58,910,867
Cash and cash equivalents at beginning of the year	69,459,058	10,548,191
Cast and cash equivalents at end of the year	67,212,171	69,459,058
Non- Cash transactions:		
Capital increase – Note 15-G	130,000,000	-
Unpaid dividends – Note 22	10,500,000	-

The accompanying notes form an integral part of these financial statements.

Chairman of Board of Directors
Nasser AL Bassam

Chief Executive Officer
Ehsan Doughman

Chief Financial Officer
Maher Bawadi

PERFECT PRESENTATION FOR COMMERCIAL SERVICES COMPANY (A SAUDI JOINT STOCK COMPANY)

Notes to the Financial Statements

FOR THE YEAR ENDED 31 DECEMBER, 2022

1. Company Information

Perfect Presentation for Commercial Services Company (the "Company") is a Saudi Joint Stock Company registered in the Kingdom of Saudi Arabia under commercial registration No. 1010203693 issued in Riyadh on Shawwal 25, 1425H (corresponding to December 8, 2004G).

The registered address of the Company is Al Imam Muhammad Ibn Saud road khozama district, P.O. Box 10552, Riyadh 11651, Kingdom of Saudi Arabia.

During the year 2021, the partners in the company met and decided unanimously to transform the legal entity of the company from a limited liability company to a closed joint stock company. The approval of the Ministry of Commerce was obtained by virtue of Resolution No. 766 dated Jumada Al-Awwal 11, 1443H and announced it according to Resolution No. 772, dated Jumada Al-Ula 16, 1443H.

On Safar 16, 1444H (corresponding to September 12, 2022G). The Capital Market Authority Board has issued its resolution approving Perfect Presentation for Commercial Services Company application for Registration and the offering of 4,500,000 shares representing (30%) of the Company's share capital.

On Rabi' Al-Thani 22, 1444H (corresponding to November 16, 2022G), the Company's shares were traded on the Saudi Stock Exchange (Tadawul) in the Kingdom of Saudi Arabia.

These financial statements include assets, liabilities and the activities of the Company and its following branches:

CR number	Location	Registration date
1010290349	Riyadh	8 Rajab 1431H (corresponding to June 20, 2010G)
4031218300	Makkah	13 Safar 1440H (corresponding to October 22, 2018G)

The Company's main activity is the installation and extension of computer and communications networks, wholesale of computers and their accessories, including (sale of printers and their inks), wholesale of software including import, provision of fixed communications services, provision of wholesale services for infrastructure, design and programming of special software, provision of SMS services and the provision of call center service, the provision of wired and wireless Internet services, systems analysis, the design and programming of special software, the provision of management and control service of communications and information networks, registration for the provision of cloud computing services, the establishment of infrastructure for hosting websites on the network, data processing services and related activities, research and development in the field of engineering and technology, user interface design and experience, robotics and virtual and augmented reality technology, application development, artificial intelligence techniques, biotechnology solutions, financial technology solutions, big data technologies and data analytics, installation of communication equipment, installation of central computers, repair and maintenance of personal computers and portable of all kinds and sizes, repair and maintenance of printers and optical scanners, repair and maintenance of screens, keyboard, mouse, and other similar accessories, repair and maintenance of engines, systems and fixed and portable information storage devices, repair and maintenance of wireless phones, repair and maintenance of military communication equipment, other activities of network gates, other activities of communications not previously mentioned, other computer programming activities, other activities such as installing and extending television, computer and communications networks, cyber security, incoming call center activities, answering customer calls using operators, distributing calls automatically or through phone and computer integration, using interactive voice answering systems, or other similar methods to receive orders, provide information on products and deal with customer assistance requests and complaints.

PERFECT PRESENTATION FOR COMMERCIAL SERVICES COMPANY (A SAUDI JOINT STOCK COMPANY)

Notes to the Financial Statements (continued)

FOR THE YEAR ENDED 31 DECEMBER, 2022

2. Basis of Preparation

The financial statements of the Company for the year ended December 31, 2022 have been prepared in accordance with International Financial Reporting Standards ("IFRS") as adopted in the Kingdom of Saudi Arabia and other standards and pronouncements adopted by the Saudi Organization for Chartered and Professional Accountants ("SOCPA"). Details of the Company's significant accounting policies are disclosed in note (4).

These financial statements have been prepared on the historical cost basis except for the employees' defined benefit obligations which are measured using the projected unit credit method and the actuarial assessments at the end of the reporting period and the investments at fair value through other comprehensive income.

The financial statements are presented in Saudi Riyals, except when otherwise indicated. Saudi Riyal is the functional currency of the Company.

3. Significant Accounting Judgements, Estimates and Assumptions

The preparation of the Company's financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and the accompanying disclosures, and the disclosure of contingent liabilities. Uncertainty about these assumptions and estimates could result in outcomes that require a material adjustment to the carrying amount of assets or liabilities affected in future periods.

Other disclosures relating to the Company's exposure to risk and uncertainties include:

-	Financial instruments - fair values and risk management	Note 31
-	Sensitivity analysis disclosures	Note 17 and 31

Judgments

In the process of applying the Company's accounting policies, management has made the following judgments, which have the most significant effect on the amounts recognized in the financial statements.

Estimates and assumptions

The key assumptions concerning the future and other key sources of estimation uncertainty at the reporting date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are described below. The Company based its assumptions and estimates on parameters available when the financial statements were prepared. Existing circumstances and assumptions about future developments; however, may change due to market changes or circumstances arising that are beyond the control of the Company. Such changes are reflected in the assumptions when they occur.

Impairment of non-financial assets

The Company assesses whether there are any indications of impairment of non-financial assets at each reporting date. Non-financial assets are tested for impairment when there are indications that the carrying value may not be recoverable. When making value in use calculations, management estimates the expected future cash flows from the asset or cash-generating unit and chooses an appropriate discount rate in order to calculate the present value of those cash flows.

Estimated costs at completion

The Company uses the percentage of completion method in accounting for long-term contracts. The use of the percentage of completion method by the company requires an estimate of the total costs to complete the contract. Assuming that the total estimated costs are higher or lower by 5%, the effect will be significant, by increasing or decreasing the amount of revenue.

Long-term assumptions for employees' defined benefits

Employees' defined benefit liabilities represent obligations that will be settled in the future at the termination of employment contracts. Management is required to make further assumptions regarding variables such as discount rates, rate of salary increase, mortality rates, and employee turnover. Periodically, the management of the Company consults with external actuaries regarding these assumptions. Changes in key assumptions can have a significant impact on employee benefit obligations.

PERFECT PRESENTATION FOR COMMERCIAL SERVICES COMPANY (A SAUDI JOINT STOCK COMPANY)

Notes to the Financial Statements (continued)

FOR THE YEAR ENDED 31 DECEMBER, 2022

Useful lives of property and equipment

The Company determines the estimated useful lives of its property and equipment for calculating depreciation after considering the expected usage of the assets or physical wear and tear. Management has not put any residual value as it was considered insignificant. Management reviews useful lives annually.

Expected credit losses calculation

The Company uses a provision matrix to calculate Expected Credit Losses "ECLs" for trade receivables and contract assets. The provision rates are based on days past due for groupings of various customer segments that have similar loss patterns (i.e., by customer type, and coverage by guarantees and other forms of credit insurance).

The provision matrix is initially based on the Company's historical observed default rates. The calculation reflects the probability-weighted outcome, the time value of money, and reasonable and supportable information that is available at the reporting date about past events, current conditions, and forecasts of future economic conditions. At every reporting date, the historically observed default rates are updated and changes in the forward-looking estimates are analyzed.

The assessment of the correlation between historically observed default rates forecasts economic conditions and ECLs is a significant estimate. The amount of ECLs is sensitive to changes in circumstances and forecasted economic conditions. The Company's historical credit loss experience and forecast of economic conditions may also not be representative of customers' actual default in the future. The information about the ECLs on the trade receivables is disclosed in (Note 12) and contracts assets in (Note 11).

The Company always measures the loss provision on amounts due from customers at an amount equal to the lifetime expected credit losses. There has been no change to the estimation methods or significant assumptions made during the current reporting period.

4. Summary of Significant Accounting Policies

The following are the significant accounting policies applied by the Company in preparing these financial statements:

Classification of the assets and liabilities into current and non-current

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

- Expected to be realized or intended to be sold or consumed in the normal operating cycle.
- Held primarily for the purpose of trading.
- Expected to be realized within twelve months after the reporting period, or
- Cash or cash equivalent unless restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period.

All other assets are classified as non-current.

A liability is current when:

- It is expected to be settled in the normal operating cycle.
- It is held primarily for the purpose of trading.
- It is due to be settled within 12 months after the reporting period, or
- There is no unconditional right to defer the settlement of the liability for at least 12 months after the reporting period.

The Company classifies all other liabilities as non-current.

PERFECT PRESENTATION FOR COMMERCIAL SERVICES COMPANY (A SAUDI JOINT STOCK COMPANY)

Notes to the Financial Statements (continued)

FOR THE YEAR ENDED 31 DECEMBER, 2022

Foreign currency

Transactions and balances

Transactions in foreign currencies are initially recorded by the Company at the spot rate ruling at the date the transaction first qualifies for recognition. Monetary assets and liabilities denominated in foreign currencies are retranslated to the functional currency at the spot rate of exchange ruling at the reporting date. Differences arising on settlement or translation of monetary items are recognized in profit or loss.

Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates as at the dates of the initial transactions. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value is determined. Gains or losses arising from the translation of non-monetary items measured at fair value are treated in line with the recognition of gains and losses arising from a change in the fair value of that item. That is, translation differences for items whose fair value gains and losses are recognized in other comprehensive income are recognized in other comprehensive income, and items whose fair value gains and losses are recognized in profit or loss are recognized in profit or loss.

Property and equipment

Property and equipment are stated at cost, net of accumulated depreciation and accumulated impairment losses, if any. Cost includes expenditure that is directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management. Such cost includes the cost of replacing parts of the property and equipment. When significant parts of property and equipment are required to be replaced at intervals, the Company recognizes such parts as individual assets with specific useful lives and depreciates them accordingly. Repair and other maintenance costs are recognized in profit or loss as incurred.

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

	Depreciation rate
Buildings	3-10%
Vehicles	20%
Furniture and fixtures	14-28%
Computers	14-28%
Constructions and fitting	10-25%
Improvements and decoration	25% or the lease term, whichever is less

An item of property and equipment is derecognized upon disposal or when no future economic benefits are expected from its future use or sale. Any gain or loss arising from the derecognition of the asset is included in the profit or loss when the asset is derecognized.

Expenditures incurred for decoration and construction of the building are capitalized under projects under construction until the related assets are ready for their intended use, at which time they are transferred to the respective principal classes of property and equipment. Projects under construction are not depreciated.

Intangible assets

Intangible assets are presented in the statement of financial position at cost less accumulated amortization and accumulated impairment losses.

Amortization is provided over the economic useful lives of intangible assets, and the estimated useful life and amortization method are reviewed at the end of each financial year, taking into account the effect of any changes estimates on a prospective basis.

PERFECT PRESENTATION FOR COMMERCIAL SERVICES COMPANY (A SAUDI JOINT STOCK COMPANY)

Notes to the Financial Statements (continued)

FOR THE YEAR ENDED 31 DECEMBER, 2022

Computer software:

Computer software licenses are capitalized on the cost basis incurred when purchasing a specific software and preparing it for use. Amortization is charged to the statement of profit or loss on a straight-line basis over the estimated useful life from the date the software is made available for use.

Amortization is calculated using the straight-line method over the estimated useful life of intangible assets as follows:

	Amortization rate
Computer software	10% or the term of the license, whichever is less

Projects under construction

Assets in the course of construction or development are capitalized in the projects under construction account. An asset in progress or development is transferred to the appropriate category of property, plant, and equipment as soon as the asset is in the location and/or condition necessary for it to be capable of operating in the manner intended by management. The cost of Projects under construction items includes the purchase price, execution/development cost, and any other cost directly attributable to the construction or purchase of a projects under construction item intended by management.

Borrowing costs

Borrowing costs directly attributable to the acquisition, construction, or production of an asset that necessarily takes a substantial period to get ready for its intended use or sale are capitalized as part of the cost of the respective asset. All other borrowing costs are expensed in the period in which they occur. Borrowing costs consist of interest and other costs that an entity incurs in connection with the borrowing of funds.

Inventory

Inventory represents SMS packages that are stated at cost (purchase price) and electronic devices that are measured at cost or market price, whichever is lower.

Financial Assets

Initial recognition and measurement

Financial assets are classified, at initial recognition, as subsequently measured at amortized cost, fair value through other comprehensive income, and fair value through profit or loss.

All financial assets are recognized initially at fair value plus the cost of transactions, except in the case of financial assets are recorded at fair value through profit or loss.

Subsequent measurement

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

Financial assets at amortized cost

After initial measurement, financial assets at amortized cost are measured using the effective interest (EIR) method and are subject to impairment. Gains and losses are recognized in the statement of profit or loss when the asset is derecognized, modified, or impaired.

For debt instruments at fair value through other comprehensive income, interest income, foreign exchange revaluation and impairment losses or reversals are recognized in the statement of profit or loss and computed in the same manner as for financial assets measured at amortized cost. The remaining fair value changes are recognized in other comprehensive income. Upon derecognition, the cumulative fair value change recognized in other comprehensive income is recycled to profit or loss.

PERFECT PRESENTATION FOR COMMERCIAL SERVICES COMPANY (A SAUDI JOINT STOCK COMPANY)

Notes to the Financial Statements (continued)

FOR THE YEAR ENDED 31 DECEMBER, 2022

Equity instruments designated at fair value through other comprehensive income

Gains and losses arising from investments in equity instruments carried at fair value through other comprehensive income are never reclassified to profit or loss. Dividends are recognized as other income in the statement of profit or loss when the right of payment has been established, except when the Company benefits from such proceeds as a recovery of part of the cost of the financial asset, in which case, such gains are recorded in other comprehensive income. Equity investments designated at fair value through other comprehensive income are not subject to impairment assessment.

Derecognition of financial assets

A financial asset is primarily derecognized when:

- The rights to receive cash flows from the asset have expired, or
- The Company has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a 'pass-through' arrangement: and either (a) the Company has transferred substantially all the risks and rewards of the asset, or (b) the Company has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

When the Company has transferred its rights to receive cash flows from an asset or has entered into a pass-through arrangement, it evaluates if, and to what extent, it has retained the risks and rewards of ownership. When it has neither transferred nor retained substantially all of the risks and rewards of the asset, nor transferred control of the asset, the Company continues to recognize the transferred asset to the extent of its continuing involvement. In that case, the Company also recognizes an associated liability. The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that the Company has retained.

Continuing involvement that takes the form of a guarantee over the transferred asset is measured at the lower of the original carrying amount of the asset and the maximum amount of consideration that the Company could be required to repay.

Impairment of financial assets

The Company recognizes an allowance for expected credit losses (ECLs) for all debt instruments not held at fair value through profit or loss.

ECLs are recognized in two stages. For credit exposures for which there has not been a significant increase in credit risk since initial recognition, ECLs are provided for credit losses that result from default events that are possible within the next 12-months (a 12-month ECL). For those credit exposures for which there has been a significant increase in credit risk since initial recognition, a loss allowance is required for credit losses expected over the remaining life of the exposure, irrespective of the timing of the default (a lifetime ECL).

For trade receivables and contract assets, the Company applies a simplified approach in calculating ECLs. Therefore, the Company has established a provision matrix that is based on its historical credit loss experience, adjusted for forward-looking factors specific to the debtors and the economic environment.

Trade receivables

Trade receivables are recognized initially at the transaction price. They are subsequently measured at amortized cost using the effective interest method, less provision for impairment. A provision for impairment of trade receivables is established when there is objective evidence that full amounts due according to the original terms of the receivables will not be collected. Bad debts are written off as incurred.

Cash and cash equivalents

Cash and cash equivalents in the statement of financial position comprise cash at banks.

For the purpose of preparing the statement of cash flow, cash and cash equivalents include bank balances as explained above after deducting overdraft accounts with banks, if any, as they are considered an integral part of the Company's cash management. Cash and cash equivalents are subject to the requirements of IFRS 9 Impairment.

PERFECT PRESENTATION FOR COMMERCIAL SERVICES COMPANY (A SAUDI JOINT STOCK COMPANY)

Notes to the Financial Statements (continued)

FOR THE YEAR ENDED 31 DECEMBER, 2022

Statutory reserve

As required by the Saudi Arabian Regulations for Companies, the Company transfers 10% of its profit for the year to the statutory reserve until the reserve equals 30% of the share capital. The reserve is not available for distribution as dividends.

Employees' defined benefits obligations

Defined benefit programs

Liabilities in the statement of financial position relating to the employee defined benefit program are measured at the present value of the expected future payments at the reporting date, using the projected credit unit method, and are recorded as non-current liabilities. The defined benefit obligation is calculated at the end of each annual reporting period by an independent actuary using the projected credit unit method. The actuarial valuation process takes into account the provisions of the Saudi Labor Law and the Company's policy. The present value of the defined benefit obligation is determined by discounting the estimated future cash outflows using the commission rates of high-quality corporate bonds that are denominated in the currency in which the benefits will be paid and have terms that approximate those of the related obligations (or, if not available, market rates on government bonds are used). The commission cost is calculated by applying the discount rate to the net balance of the defined benefit obligation and this cost is recognized in the statement of profit or loss.

The cost of the defined benefit obligation is calculated using the actuarially determined retirement costs at the end of the previous financial year, after adjusting for significant market fluctuations and for any significant one-time events such as program modification, workforce reduction and repayment. In the absence of significant market fluctuations and one-time events, the actuarial liability is extended based on the assumptions at the beginning of the year. If there are significant changes in assumptions or arrangements during the year, they must be considered to re-measure these obligations and the costs associated with them.

Remeasurement gains and losses arising from adjustments and changes in actuarial assumptions in the year in which they occur are recognized in other comprehensive income. Changes in the present value of the defined benefit obligation arising from plan modifications or workforce reductions are recognized directly in profit or loss as prior service costs.

Short-term employee obligations

Liabilities related to benefits payable to employees, such as wages, salaries, annual and sick leave, and tickets, and which are expected to be paid during the twelve months after the end of the financial year in which the employees provide the related services, are recognized and measured in the financial statements at the undiscounted amounts expected to be paid when the obligations are settled.

Trade payables and the accrued balances

These amounts represent liabilities related to goods and services provided to the Company before the end of the year that has not been paid and are considered unsecured. Trade payables and notes payable are presented as current liabilities unless payment is not due within 12 months after the reporting date and initially recognized at their fair value and subsequently measured at amortized cost using the effective commission method.

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 profit or loss 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.

PERFECT PRESENTATION FOR COMMERCIAL SERVICES COMPANY (A SAUDI JOINT STOCK COMPANY)

Notes to the Financial Statements (continued)

FOR THE YEAR ENDED 31 DECEMBER, 2022

Financial Liabilities

Initial recognition and measurement

Financial liabilities are classified, at initial recognition, as financial liabilities at fair value through profit or loss, loans and borrowings, payables, or derivatives designated as hedging instruments in an effective hedge.

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

Subsequent measurement

The subsequent measurement of financial liabilities depends on their classification as described below:

Loans and borrowings

After initial recognition, loans and borrowings are subsequently measured at amortized cost using the EIR method. Gains and losses are recognized in profit or loss when the liabilities are derecognized as well as through the EIR amortization process.

Exclusion of financial liabilities

Financial liabilities are disposed of when the obligation is paid, canceled or the obligation under the contract expires.

Offsetting of Financial Instruments

Financial assets and financial liabilities are offset with the net amount reported in the statement of financial position only if there is a current enforceable legal right to offset the recognized amounts and an intent to settle on a net basis or to realize the assets and settle the liabilities simultaneously.

Contract assets

Contract assets are unbilled receivables that relate to the company's right to obtain consideration for services provided to customers, this is transferred to trade receivables when the contracts become unconditional, when invoices are issued to the customer.

Trade receivables

A receivable represents the Company's right to an amount of consideration that is unconditional (the passage of time is required before payment of the consideration is due). Refer to accounting policies of financial assets.

Contract liabilities

A contract liability is the obligation to transfer goods or services to a customer for which the Company has received consideration (or an amount of consideration is due) from the customer. If a customer pays consideration or the Company had an unconditional right to a consideration amount before the Company transfers goods or services to the customer, a contract liability is recognized when the payment is made, or the payment is due (whichever is earlier). Contract liabilities are recognized as revenue when the Company performs under the contract.

Onerous contracts

If the Company has a contract that is expected to result in a loss, the present obligation under the contract is recognized and measured as a provision. However, before recognizing a separate provision for an impaired contract, the Company recognizes any impairment losses that have occurred in the assets relating to that contract.

The company as a lessee

The Company applies the short-term lease recognition exemption to short-term leases of buildings (i.e. leases that have a term of 12 months or less from the commencement date and do not contain a purchase option). Lease payments on short-term leases are recognized as an expense on a straight-line basis over the term of the lease.

PERFECT PRESENTATION FOR COMMERCIAL SERVICES COMPANY (A SAUDI JOINT STOCK COMPANY)

Notes to the Financial Statements (continued)

FOR THE YEAR ENDED 31 DECEMBER, 2022

The company as a lessor

The Company has entered in lease contracts in relation to its investment properties. The Company has determined, based on an evaluation of the terms and conditions of the arrangements, that it retains all the risks and benefits of ownership of these properties, and therefore the Company records these contracts as operating leases. Contract revenue is recognized in the statement of profit or loss using the straight-line method over the term of the lease contracts.

Revenue from Contracts with Customers

Revenue from contracts with customers is recognized when control of the goods or services are transferred to the customer at an amount that reflects the consideration to which the Company expects to be entitled in exchange for such transfer.

Revenue recognition

Revenue comprises the fair value of the consideration received or receivable for the sale of goods and services provided in the ordinary course of the Company's activities. Revenue is represent net of value-added tax, returns, rebates and discounts and after eliminating sales within the Company. If the Company provides interest-free credit to a buyer, revenue is recognized at the present value of the future payments.

The Company recognizes revenue from contracts with customers based on five-step model as set out in IFRS. The five steps are: identify the contract(s) with the customer, identify the performance obligations in the contract, determine the transaction price, allocate the transaction price, and recognize revenue when the performance obligation is satisfied.

The Company recognizes revenue when the amount of revenue can be measured reliably, it is probable that future economic benefits will flow to the entity, and when specific criteria are met for each of the Company's activities, as mentioned below.

A) Revenue from operation and maintenance services.

Operation and maintenance services are self-distinguishable as they are regularly provided by the Company to its clients on an independent basis and are available to clients of other service providers in the market. Revenue from maintenance and operation services is recognized in the accounting period in which the service is provided over time.

B) Revenues from providing call center services

It is one of the most important business units that make up Perfect Presentation for Commercial Services Company and it specializes in providing services for establishing and operating call centers, customer service and subscribers' care. The most important services provided by this unit are:

- Establishing and equipping call centers, customer service and taking care of subscribers.
- Management and operation of call centers, customer service and subscribers' care.
- Providing trained and qualified human resources to work in call centers and customer service.
- Providing programs and systems for call centers, customer service and subscribers care, such as:
 - Open-source call center systems. "Contact Center System".
 - Interactive response systems through sound and image. "IVR".
 - Call recording systems. "Call Recording Systems".
 - Customer relationship management systems. "CRM"
 - Reporting systems for call center performance and real-time monitoring screens.
 - Specialized training in call centers, customer service, and customer care.
 - Providing advisory services specialized in establishing, managing and operating call centers, customer service, and taking care of subscribers.

Revenues from call center services are recognized in the accounting period in which the service is provided over time.

C) Revenue from licensing and development services (SWD)

Revenue from providing computer software licensing services is recognized in the accounting period in which the service is provided at a specific point in time.

PERFECT PRESENTATION FOR COMMERCIAL SERVICES COMPANY (A SAUDI JOINT STOCK COMPANY)

Notes to the Financial Statements (continued)

FOR THE YEAR ENDED 31 DECEMBER, 2022

D) Revenue from providing text messaging services and subscriptions

Revenue from providing text messaging services and subscriptions is recognized in the accounting period in which that service is provided, upon actual use by the customer.

E) Revenue from providing Internet services

Revenue from providing Internet services is recognized in the accounting in which the service is provided at a specific point in time.

Dividend

The company recognizes the obligations related to the payment of dividends to the shareholders when the distribution is approved and that the distribution is no longer dependent on the discretion of the company.

Direct costs

Direct costs include all direct materials and labor costs, and those indirect costs related to contract performance.

Expenses

All operating expenses are distributed consistently to the cost of revenue, selling and marketing expenses, and general and administrative expenses using consistent distribution factors that are determined in proportion to the Company's activities.

Zakat

Zakat provision is provided for in accordance with the regulations of the Zakat, Tax and Customs Authority (ZATCA) in the kingdom of Saudi Arabia. The provision is charged to profit or loss.

Value-added tax

Revenues and expenses 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 (ZATCA), in this 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, (ZATCA) is included as part of other assets or other liabilities in the statement of financial position.

Withholding Tax

The Company withholds tax on certain transactions with non-resident parties in the Kingdom of Saudi Arabia in accordance with the Saudi Arabian Income Tax Law.

5. Application of New and Revised IFRSs

5.1. New and revised IFRSs applied with no material effect on the financial statements.

The following new and revised IFRSs, which became effective for annual periods beginning on or after 1 January 2022, have been adopted in these financial statements. The application of these revised IFRSs has not had any material impact on the amounts reported for the current and prior years but may affect the accounting for future transactions or arrangements.

- Amendments IFRS 3 Business Combination updating a reference to the Conceptual Framework.
- Amendments to IAS 16 Property, Plant and Equipment prohibiting a company from deducting from the cost of property, plant and equipment amounts received from selling items produced while the company is preparing the asset for its intended use.
- Amendments to IAS 37 Provisions, Contingent Liabilities and Contingent Assets regarding the costs to include when assessing whether a contract is onerous.
- Annual Improvements to IFRS 2018-2020 Revised Cycle of IFRS 1, 9 and 16 and IAS 41.

PERFECT PRESENTATION FOR COMMERCIAL SERVICES COMPANY (A SAUDI JOINT STOCK COMPANY)

Notes to the Financial Statements (continued)

FOR THE YEAR ENDED 31 DECEMBER, 2022

5.2. New and revised IFRSs in issue but not yet effective and not early adopted

The Company has not yet early applied the following new standards, amendments and interpretations that have been issued but are not yet effective:

New and revised IFRSs	Effective for annual periods beginning on or after
- Amendments to IFRS 10 Consolidated Financial Statements and IAS 28 Investments in Associates and Joint Ventures relating to the treatment of the sale or contribution of assets from an investor to its associate or joint venture.	Effective date deferred indefinitely
- Amendments to IAS 1 Presentation of Financial Statements regarding the classification of liabilities.	January 1, 2024
- Amendments to IFRS 16 Leases relating to sale transactions and re-lease.	January 1, 2024
-Amendments to IAS 1 Presentation of Financial Statements and IFRS Practices 2 Exercising Jurisprudence on Materiality - Disclosure of Accounting Policies	January 1, 2023
-IFRS 17 Insurance Contracts establishes the principles for the recognition, measurement, presentation, and disclosure of insurance contracts and supersedes IFRS 4 Insurance Contracts.	January 1, 2023
-Amendments to IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors - Definition of Accounting Estimates	January 1, 2023
-Amendments to IAS 12 Income Tax - Deferred tax relating to assets and liabilities arising from a single transaction	January 1, 2023

Management anticipates that these new standards, interpretations, and amendments will be adopted in the Company's financial statements for the period of initial application and adoption of these new standards, interpretations and amendments may have no material impact on the financial statements of the Company in the period of initial application.

PERFECT PRESENTATION FOR COMMERCIAL SERVICES COMPANY (A SAUDI JOINT STOCK COMPANY)

Notes to the Financial Statements (continued)

FOR THE YEAR ENDED 31 DECEMBER, 2022

6. Property and Equipment

	Land SR	Buildings SR	Vehicles SR	Furniture and Fixtures SR	Computers SR	Construc- tion and Fitting SR	Improve- ments and Decorations SR	Project under Construction SR	Total SR
Cost									
January 1, 2021	7,028,500	20,444,499	517,860	3,865,492	10,382,898	748,799	1,873,677	70,174,472	115,036,197
Additions	-	-	551,450	1,858,603	1,691,401	149,600	-	17,551,269	21,802,323
Disposal	-	-	-	(805,134)	(2,157,779)	-	-	-	(2,962,913)
Transfers	45,045,000	38,586,411	-	489,960	114,570	3,489,800	-	(87,725,741)	-
December 31, 2021	52,073,500	59,030,910	1,069,310	5,408,921	10,031,090	4,388,199	1,873,677	-	133,875,607
Additions	-	52,953	1,593,787	423,195	609,933	-	-	15,912,442	18,592,310
December 31, 2022	52,073,500	59,083,863	2,663,097	5,832,116	10,641,023	4,388,199	1,873,677	15,912,442	152,467,917
Accumulated depreciation									
January 1, 2021	-	5,507,347	315,702	2,052,949	6,654,636	673,919	1,772,190	-	16,976,743
Charge for the year	-	1,334,255	71,240	532,303	872,467	79,277	1,155	-	2,890,697
Disposal	-	-	-	(724,621)	(1,941,937)	-	-	-	(2,666,558)
December 31, 2021	-	6,841,602	386,942	1,860,631	5,585,166	753,196	1,773,345	-	17,200,882
Charge for the year	-	2,026,121	205,088	683,526	900,232	327,546	55	-	4,142,568
December 31, 2022	-	8,867,723	592,030	2,544,157	6,485,398	1,080,742	1,773,400	-	21,343,450
Net book value									
December 31, 2022	52,073,500	50,216,140	2,071,067	3,287,959	4,155,625	3,307,457	100,277	15,912,442	131,124,467
December 31, 2021	52,073,500	52,189,308	682,368	3,548,290	4,445,924	3,635,003	100,332	-	116,674,725

- Projects under construction as at December 31, 2022 and 2021 represents the costs incurred for works of the construction, preparation and expansion of the company's new head office in Riyadh.
- This caption includes land and buildings mortgaged as a guarantee of long-term loans amounting to SR 7,350,000. This item includes lands and buildings located in Al-Khuzama District, with a net book value of SR 20.1 million as at December 31, 2022. (2021: SR 20.9 million). Refer to Note (32).

* Depreciation for the year ended 31 December has been charged as follows:

	December 31, 2022 SR	December 31, 2021 SR
Cost of revenue (Note 24)	203,381	72,398
General and administrative expenses (Note 26)	3,939,187	2,818,299
	4,142,568	2,890,697

PERFECT PRESENTATION FOR COMMERCIAL SERVICES COMPANY (A SAUDI JOINT STOCK COMPANY)

Notes to the Financial Statements (continued)

FOR THE YEAR ENDED 31 DECEMBER, 2022

7. Intangible assets

	Computer programs SR
Cost	
January 1, 2022	-
Additions	1,395,222
December 31, 2022	1,395,222
Accumulated amortization	
January 1, 2022	-
Charge for the year - (Note 24)	193,781
December 31, 2022	193,781
Net book value	
December 31, 2022	1,201,441
December 31, 2021	-

8. Investments at Fair Value Through other comprehensive income

	December 31, 2022 SR	December 31, 2021 SR
January 1	1,501,504	1,014,027
Changes in fair value during the year	550,738	487,477
December 31	2,052,242	1,501,504

This investment represents an investment in securities listed on the Saudi Stock Exchange ("Tadawul").

9. Inventory

	December 31, 2022 SR	December 31, 2021 SR
Bulk messages	150,108	843,284
Fingerprint devices	144,629	48,491
	294,737	891,775

PERFECT PRESENTATION FOR COMMERCIAL SERVICES COMPANY (A SAUDI JOINT STOCK COMPANY)

Notes to the Financial Statements (continued)

FOR THE YEAR ENDED 31 DECEMBER, 2022

10. Related Parties' Transaction and Balances

Related parties represent major shareholders of the Company, managers and top management and entities controlled or significantly influenced by them. The nature of the relationship is described as follow:

Related party	Relation
Ideal for Business and Commercial Investment Company	Major Shareholder
Information Technology Belt Company	Affiliate
Perfect Presentation for Commercial Services Company- Egypt	Affiliate
Fawran Smart Logistics	Affiliate
Wahg Energy Establishment	Related to Shareholder
Perfect Presentation for Technology Company- Jordan	Affiliate
Cloud Distribution for Communications and Information Technology Company	Affiliate
Smart Health for Communications and Information Technology Company	Affiliate
Sustainable Energy Company	Affiliate
Nasser Abdullah bin Muhammad Al-Bassam	Major Shareholder
Saleh bin Ibrahim bin Hamad Al Mazrou	Major Shareholder
Prime Technical Contracting Establishment	Related to Shareholder

The following is a summary of the significant transactions carried out with related parties and the associate approximate amounts for the year ended December 31,:

	December 31, 2022 SR	December 31, 2021 SR
Purchases	(69,849,838)	-
Sales	51,349,234	5,517,862
Dividends	(26,000,000)	(32,376,562)
Expenses paid on behalf of related parties	(367,476)	(660,202)
Financing, net	-	6,000,000

The balances due from related parties as at December 31, consists of the following:

	December 31, 2022 SR	December 31, 2021 SR
Information Technology Belt Company	2,201,997	1,570,858
Sustainable Energy Company	77,752	-
Prime Technical Contracting Establishment	52,785	-
Wahg Energy Establishment	-	26,672
Fawran Smart Logistics	-	9,341
	2,332,534	1,606,871

PERFECT PRESENTATION FOR COMMERCIAL SERVICES COMPANY (A SAUDI JOINT STOCK COMPANY)

Notes to the Financial Statements (continued)

FOR THE YEAR ENDED 31 DECEMBER, 2022

The amounts due from related parties are non-interest bearing.

The balances due to related parties as at December 31, consists of the following:

	December 31, 2022 SR	December 31, 2021 SR
Cloud Distribution for Communications and Information Technology Company	21,649,057	12,140
Ideal for Business and Commercial Investment Company	-	4,083,610
Sustainable Energy Company	-	1,861,938
	21,649,057	5,957,688

The amounts due to related parties are non-interest bearing.

Key Management Personal Remunerations

	December 31, 2022 SR	December 31, 2021 SR
Key Management Personal Remunerations	8,459,488	7,666,609

Key Management Personal Remunerations consists of salaries, benefits, end of service benefits and other provisions.

11. Contracts Assets

	December 31, 2022 SR	December 31, 2021 SR
Total contract assets	301,480,962	192,098,326
Less: Impairment loss on contract assets	(1,487,940)	-
	299,993,022	192,098,326

Contract assets mainly relate to the company's right to obtain consideration for services provided to customers, which have not yet been billed at the reporting date and are transferred to trade receivables when the contracts become unconditional, when the company issues the invoice to the customer.

As of December 31, 2022, the Company's contract assets are mainly concentrated from government agencies with an amount of SR 241,578,830 representing 80% of total contract assets (December 31, 2021: SR178,690,922 representing 93% of total contract assets).

The movement in the contract assets impairment losses for the years ended December 31, is as follows:

	December 31, 2022 SR	December 31, 2021 SR
January 1	-	-
Additions	1,487,940	-
December 31	1,487,940	-

PERFECT PRESENTATION FOR COMMERCIAL SERVICES COMPANY (A SAUDI JOINT STOCK COMPANY)

Notes to the Financial Statements (continued)

FOR THE YEAR ENDED 31 DECEMBER, 2022

12. Trade Receivables

	December 31, 2022 SR	December 31, 2021 SR
Trade receivables	291,558,137	99,981,064
Less: impairment loss on trade receivables	(5,068,327)	(2,151,635)
	286,489,810	97,829,429

As of December 31, 2022, the Company's trade receivables are mainly concentrated from government agencies with an amount of SR 270,950,112 representing 93% of total trade receivables (December 31, 2021: SR 79,802,419 representing 80% of total trade receivables).

The movement in the impairment losses for the trade receivables for the years ended December 31, is as follows:

	December 31, 2022 SR	December 31, 2021 SR
January 1	2,151,635	647,205
Additions	2,916,692	1,504,430
December 31	5,068,327	2,151,635

The aging analysis of trade receivables as at December 31, it is as follows:

	Total SR	Not due and not impaired SR	Balances that are past due but not impaired				
			31-60 days SR	61-90 days SR	91-180 days SR	181-360 days SR	More than 360 days SR
December 31, 2022	291,558,137	83,651,957	74,543,713	24,336,567	31,430,459	55,993,126	21,602,315
December 31, 2021	99,981,064	16,252,488	9,903,009	29,247,062	18,797,570	13,824,455	11,956,480

13. Prepayments and Other Debit Balances

	December 31, 2022 SR	December 31, 2021 SR
Bank margin against letters of credit and letters of guarantee	7,004,273	9,542,337
Prepaid expenses	3,808,880	7,472,790
Advances to suppliers	3,482,363	2,759,378
Others	1,391,688	718,982
Employee's receivables	809,083	796,526
	16,496,287	21,290,013

PERFECT PRESENTATION FOR COMMERCIAL SERVICES COMPANY (A SAUDI JOINT STOCK COMPANY)

Notes to the Financial Statements (continued)

FOR THE YEAR ENDED 31 DECEMBER, 2022

14. Cash and Cash Equivalents

	December 31, 2022 SR	December 31, 2021 SR
Cash at banks	64,727,519	69,119,640
Cash on hand	2,484,652	339,418
	67,212,171	69,459,058

15. Share Capital and Additional Share Capital

A) Share Capital

The Company share capital amounting to SR 150,000,000 as at December 31, 2022 consist of 15,000,000 nominal shares of SR 10 each, all of which are common shares (December 31, 2021: SR 20,000,000 consisting of 2,000,000 nominal shares of SR 10 each, all of which are common shares).

B) Additional Share Capital

The additional share capital of SAR 6,670,311 as at December 31, 2021 represents the paid amount contributed by the partners/founders to support and finance the operations of the company and it was waived in favor of the Company for the purpose of increasing the Company's share capital. The amount was transferred to the share capital during 2022.

C) Capital Increase

On February 21, 2022, the Company's Board of Directors recommended to the extraordinary general assembly to approve an increase in the company's share capital by an amount of SR 130,000,000 by transferring an amount of SR 6,000,000 from the statutory reserve account and transferring an amount of SR 6,670,311 from the additional share capital account and transferring the amount of SR 117,329,689 from the retained earnings account. The legal formalities required to increase the share capital were completed during the year.

16. Statutory Reserve

In accordance with the Company's by-laws, the Company establishes a statutory reserve by appropriation of 10% of the annual net profit until the reserve reaches 30% of the share capital. This reserve is not available for distribution as dividends.

17. Employees' Defined Benefit Obligation

The Company is required to pay post-employment benefits to all employees in accordance with Saudi Labor Laws on termination of their employment. The employees' defined benefit obligation is estimated through actuarial method using the projected unit credit method.

PERFECT PRESENTATION FOR COMMERCIAL SERVICES COMPANY (A SAUDI JOINT STOCK COMPANY)

Notes to the Financial Statements (continued)

FOR THE YEAR ENDED 31 DECEMBER, 2022

Reconciliation of the present value of the employees' defined benefit obligation

	December 31, 2022 SR	December 31, 2021 SR
January 1	20,915,940	13,817,159
Current service cost	12,492,204	11,671,738
Finance cost	461,792	283,141
Total charged to profit or loss	12,953,996	11,954,879
Actuarial re-measurement loss	1,623,451	126,915
Total charged to other comprehensive income	1,623,451	126,915
Paid	(9,071,733)	(4,983,013)
December 31	26,421,654	20,915,940

Principal actuarial assumptions

The following significant actuarial assumptions were used by the Company for the valuation of the employees' defined benefit obligation:

	December 31, 2022 SR	December 31, 2021 SR
Discount rate	4.40%	2.75%
Salary growth rate	4.40%	2.75%
Employee turnover	High	High

The sensitivity analysis of principal actuarial assumptions is as follows:

	December 31, 2022		December 31, 2021	
	%	SR	%	SR
Discount rate				
Increase	+1%	24,389,913	+1%	19,256,234
Decrease	-1%	28,772,776	-1%	22,845,103
Salary growth rate				
Increase	+1%	28,748,769	+1%	22,845,103
Decrease	-1%	24,371,636	-1%	19,241,094

PERFECT PRESENTATION FOR COMMERCIAL SERVICES COMPANY (A SAUDI JOINT STOCK COMPANY)

Notes to the Financial Statements (continued)

FOR THE YEAR ENDED 31 DECEMBER, 2022

18. Bank Facilities**A) Long-term loans**

Long-term loans comprise the following:

	December 31, 2022 SR	December 31, 2021 SR
Non-current portion	5,364,766	7,256,103
Current portion	2,179,721	2,697,331
	7,544,487	9,953,434

The Company obtained loans from various commercial banks. These loans generally bear finance costs based on inter-bank offer rates which charge finance fees at the prevailing inter-bank rate in the kingdom of Saudi Arabia ("SIBOR") plus a fixed margin agreed upon between the parties. Certain of these loans are secured by a mortgage on property and equipment (Note 6).

The maturity schedule of long-term loans is as follows:

	December 31, 2022 SR	December 31, 2021 SR
For years ended December 31		
2022	-	2,697,331
2023	2,812,080	2,812,080
2024	2,931,711	2,931,711
2025	1,800,696	1,512,312
	7,544,487	9,953,434

B) Short-term loans

These loans represent credit facilities obtained from various commercial banks and bear financial charges at prevailing market rates which are based on inter-bank offer rates which charge finance fees at prevailing inter-bank rate in the kingdom of Saudi Arabia ("SIBOR") plus a margin agreed upon between the parties. Certain of these loans are secured by promissory notes, and assignment of trade receivables for projects funded through these facilities.

C) Loan covenants

The covenants of certain of short-term and long-term loans require the Company to maintain certain level of financial conditions, require lenders' prior approval for dividends distribution above a certain amount and limit the amount of annual capital expenditures and certain other requirements.

19. Contract liabilities

	December 31, 2022 SR	December 31, 2021 SR
Billing in excess of works performed	56,673,410	39,905,544
Unearned revenues - Text messages (Yamamah)	14,020,336	18,431,599
	70,693,746	58,337,143

PERFECT PRESENTATION FOR COMMERCIAL SERVICES COMPANY (A SAUDI JOINT STOCK COMPANY)

Notes to the Financial Statements (continued)

FOR THE YEAR ENDED 31 DECEMBER, 2022

20. Accrued Expenses and Other Credits Balances

	December 31, 2022 SR	December 31, 2021 SR
Accrued salaries and wages	31,312,469	35,289,032
Value added tax, net	25,914,299	9,262,565
Accrued vacations	17,486,544	20,313,107
Accrued commissions	9,385,241	2,781,024
Advances from customers	6,868,404	4,492,619
Accrued finance cost	5,099,056	-
Social security	3,197,595	3,451,258
Projects' provisions	-	9,664,077
Others	15,791,938	6,284,397
	115,055,546	91,538,079

21. Zakat Payable

The principal elements of the Zakat base are as follows:

	December 31, 2022 SR	December 31, 2021 SR
Equity, opening balance	133,716,990	78,740,862
Adjusted net income before zakat	153,695,742	107,351,655
Non-current liabilities and others	40,436,805	68,565,905
Non-current assets and others	(133,827,412)	(116,674,725)

Some of these balances are adjusted to reach for zakat base.

Zakat is calculated based on 2.5% of zakat base or net adjusted income for the year whichever is higher.

The movement of Zakat payable for the year ended December 31 is as follows:

	December 31, 2022 SR	December 31, 2021 SR
January 1	3,473,389	1,745,302
Charge for the year	4,881,880	3,466,921
Shortage in prior years' provision	-	145,782
Paid during the year	(3,089,868)	(1,884,616)
December 31	5,265,401	3,473,389

PERFECT PRESENTATION FOR COMMERCIAL SERVICES COMPANY (A SAUDI JOINT STOCK COMPANY)

Notes to the Financial Statements (continued)

FOR THE YEAR ENDED 31 DECEMBER, 2022

Zakat status

The Company has filed its zakat returns up to the year ended December 31, 2021 to the Zakat, Tax and Customs Authority and received a final certificate. The Company finalized its zakat status up to year 2015, and the remaining years are still under review by the Authority.

22. Dividends

- The Board of Directors in their meeting held on Ramadan 10, 1443H (corresponding to April 12, 2022G) resolved to distribute interim cash dividends to shareholders for the first quarter of 2022 amounting to SR 1.13 per share aggregating to SR 17,000,000 representing 11.33% of the company's share capital. The preference is for the shareholders who own shares in the company's shareholder register.
- The Board of Directors in their meeting held on Safar 3, 1444H (corresponding to August 30, 2022G) resolved to distribute interim cash dividends to shareholders for the second quarter of 2022 amounting to SR 0.6 per share aggregating to SR 9,000,000 representing 6% of the company's share capital. The preference is for the shareholders who own shares in the company's shareholder register.
- The Board of Directors in their meeting held on Jumada Al-Awwal 11, 1444H (corresponding to December 5, 2022G) resolved to distribute interim cash dividends to shareholders for the third quarter of 2022 amounting to SR 0.7 per share aggregating to SR 10,500,000 representing 7% of the company's share capital. The preference is for the shareholders who own shares in the company's shareholder register on 21 Jumada Al-Awwal 1444H (corresponding to December 15, 2022G), and the distribution date will be on Jumada II 19, 1444H (corresponding to January 12, 2023G).
- During 2021, the General Assembly of Partners approved to distribute dividends amounting to SR 32,376,562.

23. Revenue

Set out below is the disaggregation of the Company's revenue from contracts by type of products or services, timing of revenue recognition and type of customers:

	December 31, 2022 SR	December 31, 2021 SR
Timing of revenue recognition		
Products transferred at a point in time	30,851,779	10,097,725
Services transferred overtime	896,319,116	645,380,486
	927,170,895	655,478,211

	December 31, 2022 SR	December 31, 2021 SR
Type of customers		
Government and government-controlled entities	769,151,370	565,651,105
Private sector	158,019,525	89,827,106
	927,170,895	655,478,211

	December 31, 2022 SR	December 31, 2021 SR
Products or services		
Operation and maintenance services	353,910,986	212,473,006
Call Center services	344,020,782	301,666,363
Software licenses and development services (SWD)	229,239,127	141,338,842
	927,170,895	655,478,211

PERFECT PRESENTATION FOR COMMERCIAL SERVICES COMPANY (A SAUDI JOINT STOCK COMPANY)

Notes to the Financial Statements (continued)

FOR THE YEAR ENDED 31 DECEMBER, 2022

24. Cost of Revenue

	December 31, 2022 SR	December 31, 2021 SR
Salaries, wages, and other benefits	378,379,086	334,508,829
Cost of equipment, software, services, and support	310,477,928	169,656,834
Insurance	23,721,645	11,980,206
Borrowing cost	18,957,743	6,756,384
Government fees	8,586,711	7,562,474
Maintenance and repair	1,644,916	2,359,405
Travel and transportation	1,227,798	676,831
Subscriptions	635,212	519,083
Depreciation	203,381	72,398
Amortization	193,781	-
Others	2,716,879	5,379,967
	746,745,080	539,472,411

25. Selling and Marketing Expenses

	December 31, 2022 SR	December 31, 2021 SR
Salaries, wages, and other benefits	5,744,596	3,787,289
Bank guarantee fees	2,211,060	2,451,562
Tenders fees	402,850	688,078
Travel and transportation	391,076	215,819
Others	290,856	660,802
	9,040,438	7,803,550

PERFECT PRESENTATION FOR COMMERCIAL SERVICES COMPANY (A SAUDI JOINT STOCK COMPANY)

Notes to the Financial Statements (continued)

FOR THE YEAR ENDED 31 DECEMBER, 2022

26. General and Administrative Expenses

	December 31, 2022 SR	December 31, 2021 SR
Salaries, wages and other benefits	19,966,161	11,496,001
Depreciation	3,939,187	2,818,299
Professional fees	1,643,340	571,495
Government fees	898,090	586,339
Utilities expenses	563,043	1,220,434
Repair and maintenance	262,170	592,194
Hospitality	219,755	89,307
Travel and transportation	138,050	239,379
Telephone, postage, and internet	135,707	261,187
Donations	100,800	100,800
Subscriptions	53,356	19,533
Others	995,709	2,459,082
	28,915,368	20,454,050

27. Finance Cost

	December 31, 2022 SR	December 31, 2021 SR
Bank expenses and others	3,396,253	3,491,352
Finance cost-Employees' Defined Benefit Obligation (Note 17)	461,792	283,141
	3,858,045	3,774,493
Borrowing cost (Note 24)	18,957,743	6,756,384
Bank expenses and others (Note 25)	2,211,060	2,451,562
	25,026,848	12,982,439

28. Other Income, Net

	December 31, 2022 SR	December 31, 2021 SR
Bad debts collection	1,108,790	113,431
Rentals income	989,650	1,263,025
Training revenue	-	517,000
Loss on disposal of property and equipment	-	(296,355)
Others	1,107	122,818
	2,099,547	1,719,919

PERFECT PRESENTATION FOR COMMERCIAL SERVICES COMPANY (A SAUDI JOINT STOCK COMPANY)

Notes to the Financial Statements (continued)

FOR THE YEAR ENDED 31 DECEMBER, 2022

29. Earnings Per Share

	December 31, 2022 SR	December 31, 2021 SR
Net profit for the year	131,455,234	80,615,566
Weighted average number of ordinary shares	15,000,000	15,000,000
Earnings per share – basic and diluted	8.76	5.37

There is no reduced effect on the Company's basic earnings per share.

Basic earnings per share have been calculated by dividing the net profit for the year attributable to shareholders by the weighted average number of ordinary shares outstanding during the year. The weighted average number of shares outstanding during 2021 has been adjusted retrospectively as a result of the share capital increase through other equity reserves during 2022 (Note 15).

30. Contingent Liabilities

The Company is contingently liable for bank guarantees issued in the normal course of business as at December 31.

	December 31, 2022 SR	December 31, 2021 SR
Letters of guarantees	271,155,152	206,067,884
	271,155,152	206,067,884

- During the company's normal business cycle, some immaterial cases against the Company arise, and are currently being defended, but the final outcome of these cases cannot be determined with certainty. Management believes that the results of these cases will not have a material impact on the Company's financial statements for the year ended December 31, 2022.

31. Financial Instruments – Fair value and Risk Management

The following table shows the book values and the fair values of the financial assets and liabilities, including their stages in the fair value hierarchy. It does not include fair value information for financial assets and financial liabilities that are not measured at fair value if the book value reasonably approximates fair value.

PERFECT PRESENTATION FOR COMMERCIAL SERVICES COMPANY (A SAUDI JOINT STOCK COMPANY)

Notes to the Financial Statements (continued)

FOR THE YEAR ENDED 31 DECEMBER, 2022

December 31, 2022	Carrying value		Fair value		
	Fair value SR	Amortized cost SR	Stage 1 SR	Stage 2 SR	Stage 3 SR
Financial assets at amortized cost					
Trade receivables	-	286,489,810	-	-	-
Due from related parties	-	2,332,534	-	-	-
Bank margins	-	7,004,273	-	-	-
Cash and cash equivalents	-	67,212,171	-	-	-
Financial assets at fair value					
Investments at fair value	2,052,242	-	2,052,242	-	-
Total financial assets	2,052,242	363,038,788	2,052,242	-	-
Financial liabilities at amortized cost					
Loans	-	159,561,357	-	-	-
Due to related parties	-	21,649,057	-	-	-
Trade payables	-	144,450,439	-	-	-
Total financial liabilities	-	325,660,853	-	-	-
December 31, 2021					
Financial assets at amortized cost					
Trade receivables	-	97,829,429	-	-	-
Due from related parties	-	1,606,871	-	-	-
Bank margins	-	9,542,337	-	-	-
Cash and cash equivalents	-	69,459,058	-	-	-
Financial assets at fair value					
Investments at fair value	1,501,504	-	1,501,504	-	-
Total financial assets	1,501,504	178,437,695	1,501,504	-	-
Financial liabilities at amortized cost					
Loans	-	93,986,734	-	-	-
Due to related parties	-	5,957,688	-	-	-
Trade payables	-	67,425,738	-	-	-
Total financial liabilities	-	167,370,160	-	-	-

The Company's activities expose it to various financial risk, such as credit risk, liquidity risk, market price risk, currency risk, commission price risk and equity price risk.

Credit risk

Credit risk is the risk that one party will fail to discharge an obligation and cause the other party to incur a financial loss. The Company is exposed to credit risk on its trade receivables and bank balances.

The Company manages credit risk in relation to contract assets and trade receivables through the credit limits for each customer and monitor the uncollected receivables on continuously. Receivable balances are monitored so that the Company does not incur significant bad debts. Cash balances in the banks are maintained with high credit rating financial institutions.

The Company's maximum exposure to credit risk is limited to the carrying amount of financial assets recognized at the reporting date December 31, as summarized below:

PERFECT PRESENTATION FOR COMMERCIAL SERVICES COMPANY (A SAUDI JOINT STOCK COMPANY)

Notes to the Financial Statements (continued)

FOR THE YEAR ENDED 31 DECEMBER, 2022

	December 31, 2022 SR	December 31, 2021 SR
Cash at banks	64,727,519	69,119,640
Due from related parties	2,332,534	1,606,871
Contracts assets	299,993,022	192,098,326
Trade receivables	286,489,810	97,829,429
Other receivables	9,205,044	11,057,845
	662,747,929	371,712,111

Liquidity risk

Liquidity risk is the risk that an enterprise will encounter difficulty in raising funds to meet commitments associated with financial instruments. Liquidity risk may also result from an inability to sell a financial asset quickly at an amount close to its fair value. Liquidity risk is managed by monitoring on a regular basis that sufficient funds are available to meet any future commitments.

The Company has assessed the concentration of risk in relation to its debt refinancing and has concluded that it is low. Adequate access to funding sources is available, and there is a possibility to renew debts maturing within 12 months with existing lenders.

The table below summarizes the maturity of the Company's undiscounted contractual obligations related to the financial obligations:

December 31, 2022	Saudi riyals			Total
	Less than one year	More than one year and less than five years	More than five years	
Trade payables	144,450,439	-	-	144,450,439
Due to related parties	21,649,057	-	-	21,649,057
Accrued expenses and other credit balances	115,055,546	-	-	115,055,546
Loans	154,196,591	5,364,766	-	159,561,357
Zakat payable	5,265,401	-	-	4,836,260
Dividends payable	10,500,000	-	-	10,500,000
	451,117,034	5,364,766	-	456,481,800

December 31, 2021	Saudi riyals			Total
	Less than one year	More than one year and less than five years	More than five years	
Trade payables	67,425,738	-	-	67,425,738
Due to related parties	5,957,688	-	-	5,957,688
Accrued expenses and other credit balances	91,538,079	-	-	91,538,079
Loans	86,730,631	7,256,103	-	93,986,734
Zakat payable	3,473,389	-	-	3,473,389
	255,125,525	7,256,103	-	262,381,628

PERFECT PRESENTATION FOR COMMERCIAL SERVICES COMPANY (A SAUDI JOINT STOCK COMPANY)

Notes to the Financial Statements (continued)

FOR THE YEAR ENDED 31 DECEMBER, 2022

Market risk

Market price risk is the risk that value of a financial instrument will fluctuate as a result of changes in market prices, such as foreign exchange rates and interest rates, and will affect the Company profit or the value of its holdings of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimizing the return.

Currency Risk

Currency risk is the risk that the value of financial instruments will fluctuate due to changes in foreign exchange rates. Currency risk arises when future commercial transactions and recognized assets and liabilities are denominated in a currency that is not the Company functional currency. The Company's exposure to foreign exchange risks is primarily limited to transactions in US dollars, and the Company's management believes that its exposure to currency risks linked to the US dollar is limited because the exchange rate of the Saudi riyal is pegged to the US dollar. The fluctuation in exchange rates against foreign currencies is monitored on a continuous basis.

Commission rate risk

Commission rate risk represents the risk that the fair value or future cash flows of a financial instrument will fluctuate as a result of changes in commission rates prevailing in the market. The risks of changes in commission rates prevailing in the market to which the Company is exposed mainly relate to the Company's long-term loan commitments, which are linked to a floating rate. The Company manages commission rate risk by monitoring commission rates on loans and facilities linked to variable commission rates. In the event of a change in the value of the commission rates by 1%, the effect will be SR 1.3 Million, increasing or decreasing the amount of financing costs.

32. Operating segments

The company operates within one geographical sector in the Kingdom of Saudi Arabia and represented by three operating segments, which are as follows:

1. Operation and maintenance services.
2. Call Center services.
3. Software licenses and development services (including providing text messaging services and subscriptions and providing internet services).

The tables below summarize some of the financial information by business sectors as at December 31, 2022 and 2021, and for the two years ending on these dates:

For the year ended December 31, 2022:

	Segment 1 SR	Segment 2 SR	Segment 3 SR	Common items SR	Total SR
Revenues	353,910,986	344,020,782	229,239,127	-	927,170,895
Profit before zakat	50,447,528	89,206,839	40,771,448	(44,088,701)	136,337,114
Total assets	-	-	-	807,196,711	807,196,711
Total liabilities	-	-	-	553,597,200	553,597,200

For the year ended December 31, 2021:

	Segment 1 SR	Segment 2 SR	Segment 3 SR	Common items SR	Total SR
Revenues	212,473,006	301,666,363	141,338,842	-	655,478,211
Profit before zakat	31,540,341	79,997,706	10,176,474	(37,486,252)	84,228,269
Total assets	-	-	-	501,351,701	501,351,701
Total liabilities	-	-	-	341,634,711	341,634,711

PERFECT PRESENTATION FOR COMMERCIAL SERVICES COMPANY (A SAUDI JOINT STOCK COMPANY)

Notes to the Financial Statements (continued)

FOR THE YEAR ENDED 31 DECEMBER, 2022

The following table shows the information related to the total trade receivables for the Company's operating segments as at 31 December:

	December 31, 2022 SR	December 31, 2021 SR
Products or services		
Operation and maintenance services	110,799,784	44,543,279
Call Center services	94,948,841	28,310,929
Software licenses and development services (SWD)	85,809,512	27,126,856
	291,558,137	99,981,064

32. Subsequent Events

On January 22, 2023, the Company received a notification of estimation for the two properties included in the expropriation decision in favor of a government agency (refer to note 6). According to the valuation received from the government agency, it is expected that the expropriation process will result in capital gains of SR 33.8 million, which will be recognized upon transfer of ownership in favor of the government agency.

In the opinion of the management, except for what is stated in the above paragraph, there are no significant subsequent events after the year ended December 31, 2022 that may have a material impact on the Company's financial position or results of its operations.

33. Approval of the Financial Statements

The financial statements were approved by the Company's Board of Directors on Sha'ban 27, 1444H (corresponding to March 19, 2023G).



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