

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

**FINANCIAL STATEMENTS AND INDEPENDENT AUDITOR'S REPORT
FOR THE YEAR ENDED DECEMBER 31, 2023**

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

FINANCIAL STATEMENTS AND INDEPENDENT AUDITOR'S REPORT
FOR THE YEAR ENDED DECEMBER 31, 2023

<u>INDEX</u>	<u>PAGE</u>
Independent Auditor's Report	1 - 4
Statement of Financial Position	5
Statement of Profit or Loss and Other Comprehensive Income	6
Statement of Changes in Equity	7
Statement of Cash Flows	8
Notes to the Financial Statements	9 - 37

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, 2023, 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 material accounting policies.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Company as of December 31, 2023, 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 adopted in the Kingdom of Saudi Arabia that is relevant to our audit of the financial statements. We have also fulfilled our other behavioral responsibilities in accordance with that Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key audit matters

Key audit matters are those matters that, in our professional judgment, were of 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.

Independent Auditor's Report (Continued)

To the Shareholders,

Perfect Presentation for Commercial Services Company

Key audit matters (Continued)

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 and management services. Revenues amounted to SR 1,129,673,140 for the year ended December 31, 2023 (December 31 2022: SR 927,170,895).</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.</p> <p>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, accordingly 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 were 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 (5) on accounting policies for revenue, and note (21) on revenue details	

Independent Auditor's Report (Continued)

To the Shareholders,

Perfect Presentation for Commercial Services Company

Other information included in the Company's 2023 Annual Report

Other information consists of the information included in the Company's 2023 annual report, other than the financial statements and our auditor's report thereon. Management is responsible for the other information in its annual report.

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

In connection with our audit of the financial statements, our responsibility is to read the other information identified above and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of 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.

Independent Auditor's Report (Continued)

To the Shareholders,

Perfect Presentation for Commercial Services Company

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

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the 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.
- 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



Majid Muneer Alnemer

(Certified Public Accountant - License No. 381)

Riyadh on Ramadan 20, 1445H

Corresponding to March 30, 2024G



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

STATEMENT OF FINANCIAL POSITION
AS AT DECEMBER 31, 2023

	<u>Note</u>	<u>December 31, 2023</u> <u>Saudi Riyal</u>	<u>December 31, 2022</u> <u>Saudi Riyal</u>
ASSETS			
Non-current assets			
Property and equipment	6	148,543,977	131,124,467
Intangible assets	7	26,510,904	1,201,44
Equity instruments at fair value through other comprehensive income	8	-	2,052,242
		<u>175,054,881</u>	<u>134,378,150</u>
Current assets			
Inventory	9	3,904,140	294,737
Due from related parties	10	176,365	2,332,534
Contracts assets	21.2	425,045,794	299,993,022
Trade receivables	11	494,969,602	286,489,810
Prepayments and other receivables	12	27,724,282	16,496,287
Cash and cash equivalents	13	51,501,832	67,212,171
		<u>1,003,322,015</u>	<u>672,818,561</u>
TOTAL ASSETS		<u>1,178,376,896</u>	<u>807,196,711</u>
EQUITY AND LIABILITIES			
Equity			
Share capital	14.1	150,000,000	150,000,000
Statutory reserve	14.2	26,074,839	13,145,523
Retained earnings		205,948,980	88,918,396
Fair value reserve		-	1,535,592
Total equity		<u>382,023,819</u>	<u>253,599,511</u>
Liabilities			
Non-current liabilities			
Employee termination benefits	18	34,051,944	26,421,654
Long-term loans	17.1	2,581,847	5,364,766
		<u>36,633,791</u>	<u>31,786,420</u>
Current liabilities			
Trade payables		172,300,807	144,450,439
Due to related parties	10	16,959,752	21,649,057
Short-term loans	17.2	307,800,960	152,016,870
Current portion of long-term loans	17.1	2,782,919	2,179,721
Contract liabilities	21.2	61,343,653	70,693,746
Accrued expenses and other payables	19	191,635,931	115,055,546
Dividends payable		-	10,500,000
Zakat payable	20	6,895,264	5,265,401
		<u>759,719,286</u>	<u>521,810,780</u>
Total liabilities		<u>796,353,077</u>	<u>553,597,200</u>
TOTAL EQUITY AND LIABILITIES		<u>1,178,376,896</u>	<u>807,196,711</u>

Nasser AL Bassam
Chairman of Board of Directors

Ehsan Doughman
Chief Executive Officer

Maher Bawadi
Chief Financial Officer

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

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

**STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
FOR THE YEAR ENDED DECEMBER 31, 2023**

	Note	2023 Saudi Riyal	2022 Saudi Riyal
Revenue from contracts with customers	21.1	1,129,673,140	927,170,895
Cost of revenue	22	<u>(919,267,605)</u>	<u>(727,787,341)</u>
Gross profit		210,405,535	199,383,554
Selling and marketing expenses	23	(6,928,998)	(6,829,374)
General and administrative expenses	24	(25,905,488)	(28,915,368)
Expected credit loss on contract assets and trade receivables	11 , 21.2	(12,550,645)	(4,404,632)
Other operating income	25	<u>8,707,344</u>	<u>2,099,547</u>
Income from main operations		173,727,748	161,333,727
Finance costs	26	(38,414,249)	(25,026,848)
Other non-operating income		<u>-</u>	<u>30,235</u>
Profit before zakat		135,313,499	136,337,114
Zakat	20	<u>(6,020,342)</u>	<u>(4,881,880)</u>
Profit for the year		129,293,157	131,455,234
Other comprehensive income			
<i>Items that will not be reclassified to profit or loss in subsequent years:</i>			
Change in fair value of equity instruments at fair value through other comprehensive income	8	357,953	550,738
Remeasurement of employee termination benefits	18	<u>(1,226,802)</u>	<u>(1,623,451)</u>
Other comprehensive loss for the year		(868,849)	(1,072,713)
Total comprehensive income for the year		128,424,308	130,382,521
Earnings per share:			
Basic and diluted	27	<u>0.86</u>	<u>0.88</u>

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

**STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED DECEMBER 31, 2023**

Note	Share capital	Additional share capital	Statutory reserve	Retained earnings	Fair Value reserve	Total equity
	Saudi Riyal	Saudi Riyal	Saudi Riyal	Saudi Riyal	Saudi Riyal	Saudi Riyal
For the year ended December 31, 2023:						
As at January 1, 2023	150,000,000	-	13,145,523	88,918,396	1,535,592	253,599,511
Profit for the year	-	-	-	129,293,157	-	129,293,157
Other comprehensive loss for the year	-	-	-	(1,226,802)	357,953	(868,849)
Total comprehensive income for the year	-	-	-	128,066,355	357,953	128,424,308
Transfer to statutory reserve	-	-	12,929,316	(12,929,316)	-	-
Transfer from fair value reserve	-	-	-	1,893,545	(1,893,545)	-
As at December 31, 2023	150,000,000	-	26,074,839	205,948,980	-	382,023,819
For the year ended December 31, 2022:						
As at January 1, 2022	20,000,000	6,670,311	6,000,000	126,061,825	984,854	159,716,990
Profit for the year	-	-	-	131,455,234	-	131,455,234
Other comprehensive loss for the year	-	-	-	(1,623,451)	550,738	(1,072,713)
Total comprehensive income for the year	-	-	-	129,831,783	550,738	130,382,521
Transfer to statutory reserve	-	-	13,145,523	(13,145,523)	-	-
Transfer to share capital	130,000,000	(6,670,311)	(6,000,000)	(117,329,689)	-	-
Dividend declared	-	-	-	(36,500,000)	-	(36,500,000)
As at December 31, 2022	150,000,000	-	13,145,523	88,918,396	1,535,592	253,599,511

Nasser AL Bassam
Chairman of Board of Directors



Ehsan Doughman
Chief Executive Officer



Maher Bawadi
Chief Financial Officer



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

STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED DECEMBER 31, 2023

	Note	2023 Saudi Riyal	2022 Saudi Riyal
Operating activities			
Profit before zakat		135,313,499	136,337,114
Non-cash items			
Depreciation and amortization	6 , 7	4,695,401	4,336,349
Expected credit loss on contract assets and trade	11 , 21.2	12,550,645	4,404,632
Losses on disposal of property and equipment	6	12,860	-
Employee termination benefits costs	18	13,372,626	12,492,204
Financing costs for employee termination benefits	18	987,507	461,792
		<u>166,932,538</u>	<u>158,032,091</u>
Changes in operating working capital:			
Inventory		(3,609,403)	597,038
Due from/to related parties		(2,533,136)	14,965,706
Contracts assets		(128,582,931)	(109,382,636)
Trade receivables		(217,500,278)	(191,577,073)
Prepayments and other receivables		(11,227,995)	4,793,726
Contract liabilities		(9,350,093)	12,356,603
Trade payables		27,850,368	77,024,701
Accrued expenses and other payables		76,580,385	23,517,467
		<u>(101,440,545)</u>	<u>(9,672,377)</u>
Employee termination benefits paid	18	(7,956,645)	(9,071,733)
Zakat paid	20	(4,390,479)	(3,089,868)
Net cash used in operating activities		<u>(113,787,669)</u>	<u>(21,833,978)</u>
Investing activities			
Purchases of property and equipment	6	(21,500,808)	(18,592,310)
Purchases of intangible assets	7	(25,936,426)	(1,935,222)
Proceed from sale of investment	8	2,410,	-
Net cash used in investing activities		<u>(45,027,039)</u>	<u>(19,987,532)</u>
Financing activities			
Paid from long term loans		(2,179,721)	(2,408,947)
Net change in short term loans		153,604,369	67,983,570
Dividends paid	15	(10,500,000)	(26,000,000)
Net cash from financing activities		<u>143,104,369</u>	<u>39,574,623</u>
Net change in cash and cash equivalents		<u>(15,710,339)</u>	<u>(2,246,887)</u>
Cash and cash equivalents at beginning of the year	13	67,212,171	69,459,058
Cash and cash equivalents at end of the year	13	<u>51,501,832</u>	<u>67,212,171</u>
Non- Cash transactions:			
Capital increase – Note 15-G	14.2	-	130,000,000
Unpaid dividends – Note 22	15	-	10,500,000

Nasser AL Bassam
Chairman of Board of Directors

Ehsan Doughman
Chief Executive Officer

Maher Bawadi
Chief Financial Officer

The accompanying notes form an integral part of these financial statements

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

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2023

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.

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.

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)
5900143626	Jizan	Dhu al-Hijjah 29, 1444H (corresponding to July 17, 2023G)

2. Basis of Preparation

The financial statements of the Company for the year ended December 31, 2023, 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 material accounting policies are disclosed in note (5).

The financial statements have been prepared on a historical cost basis, except for financial instruments measured at fair value. The financial statements are presented in Saudi Riyals which is also the functional currency of the Company and all values are rounded to the nearest Riyal (SR), except when otherwise indicated.

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

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2023

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 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 30

3.1 Judgments

In the process of applying the Company's accounting policies, management has not made any judgments, which have the most significant effect on the amounts recognized in the financial statements.

3.2 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.

Uncertain zakat positions

The Company's current zakat payable of SR 6,895,264 relates to management's assessment of the amount of zakat payable on open zakat and tax positions where the liabilities remain to be agreed with the Zakat, Tax and Customs Authority (ZATCA). Due to the uncertainty associated with such zakat and tax items, it is possible that, on finalization of open zakat and tax assessments at a future date, the final outcome may differ significantly. Note 20 describes the status of zakat and tax assessments.

Long-term assumptions of employee termination benefits

Employee termination benefits represent obligations which will be paid in the future upon the termination of employment contracts. Management has to make assumptions about the variables such as discount factor, salary increase rate, mortality rates and employee turnover. The Company's management periodically takes advice from actuaries on these assumptions. Changes in key assumptions could materially affect the provision for employees' termination benefits.

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

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2023

3. Significant Accounting Judgements, Estimates and Assumptions (Continued)

Estimates and assumptions (Continued)

Estimated cost to complete

The Company uses the percentage-of-completion method (POC") in accounting for its long-term construction contracts. Use of POC requires the Company to estimate the total cost to complete a contract. If the total estimated costs were 10% higher than management's estimates, the amount of revenue recognized during the year ended 31 December 2023 would have decreased by SR 261M. If the total estimated costs were 10% lesser than management's estimates, the amount of revenue recognized during the year ended 31 December 2023 would have increased by SR 319M as well.

Impairment of trade receivables and contract assets

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 and contract assets is disclosed in Note 30.

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.

Internally generated intangible assets costs.

Recognizing internally generated intangible assets by the company requires classifying the assets into:

- A) Research stage
- b) Development stage

The company doesn't recognize any intangible asset arising from internal development unless it can demonstrate the technical feasibility of completing the intangible asset, its intention to complete the asset, its ability to use or sell the asset, and how the intangible asset will generate the desired economic benefits. It must provide sufficient technical, financial and other resources to complete the development process and be able to measure in a reliable way the expenditures attributed to the intangible asset during its development.

4. Changes to The Company's Accounting Policies

The accounting policies and methods of computation adopted in the preparation of the financial statements for the year ended 31 December 2023 are consistent with those followed in the preparation of the Company's financial statements for the year ended 31 December 2022, except for the adoption of new standards and certain amendments which became effective for annual periods starting on or after 1 January 2023. The Company has not early adopted any standard, interpretation or amendment that has been issued but is not yet effective.

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

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2023

4. Changes to The Company's Accounting Policies (Continued)

The Company applies, for the first time, the following standard and amendments:

- IFRS 17 'Insurance Contracts'
- Amendments to IAS 8: Definition of Accounting Estimates
- Amendments to IAS 1 and IFRS Practice Statement 2: Disclosure of Accounting Policies
- Amendments to IAS 12: Deferred Tax related to Assets and Liabilities arising from a Single Transaction
- Amendments to IAS 12: International Tax Reform—Pillar Two Model Rules

These new standards and these new amendments had no material impact on the financial statements of the Company

5. Material accounting policies

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

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. Lands and projects under construction are not depreciated. The cost includes the cost of the replaced parts of property and equipment and borrowing costs for long-term construction projects if recognition requirements are met. When significant parts of property and equipment are replaced at certain intervals, the Company recognizes those parts as individual assets with a finite useful life and depreciation. All other repair and maintenance costs are recognized in the statement of profit or loss when 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

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2023**

5. Material accounting policies (Continued)

Property and equipment (Continued)

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.

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

Intangible assets

Intangible assets acquired separately are measured on initial recognition at cost. The cost of intangible assets acquired in a business combination is their fair value as at the date of acquisition. Following initial recognition, intangible assets are carried at cost less accumulated amortization and accumulated impairment losses, if any.

The useful lives of intangible assets are assessed as either finite or indefinite.

Intangible assets with finite lives are amortized over their useful economic lives and assessed for impairment whenever there is an indication that the intangible asset may be impaired. The amortization period and the amortization method for an intangible asset with a finite useful life are reviewed at least at the end of each reporting period. Changes in the expected useful life or the expected pattern of consumption of future economic benefits embodied in the asset are accounted for by changing the amortization period or method, as appropriate, and are treated as changes in accounting estimates. The amortization expense on intangible assets with finite lives is recognized in profit or loss in the expense category consistent with the function of the intangible assets.

Intangible assets with indefinite useful lives are not amortized, but are tested for impairment annually, either individually or at the CGU level. The assessment of indefinite life is reviewed annually to determine whether the indefinite life continues to be supportable. If not, the change in useful life from indefinite to finite is made on a prospective basis.

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

Borrowing cost

Borrowing costs directly attributable to the acquisition, construction or production of an asset that necessarily takes a substantial period of time to get ready for its intended use or sale are capitalized as part of the cost of the 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.

PERFECT PRESENTATION FOR COMMERCIAL SERVICES COMPANY

(A SAUDI JOINT STOCK COMPANY)

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2023

5. Material accounting policies (Continued)

Leases

The determination of whether an arrangement is, or contains, a lease is decided at the inception date. An arrangement is, or contains, a lease if it grants the right to control a particular asset or assets for a period of time in exchange for compensation.

Company as a lessee

The Company applies the short-term lease recognition exemption to short-term leases of land and 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 expenses on a straight-line basis over the lease term.

Company as a lessor

Leases where the Company does not substantially transfer all risks and rewards of ownership are classified as operating leases. Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset and recognized over the lease term on the same bases as rental income. Contingent rents are recognized as revenue once they are earned

Impairment of non-financial assets

The Company assesses at each reporting date whether there is an indication that an asset may be impaired. If any indication exists, or when annual impairment testing for an asset is required, the Company estimates the asset's recoverable amount. An asset's recoverable amount is the higher of an asset's or CGU's fair value less costs of disposal and its value in use. It is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or Company's of assets. Where the carrying amount of an asset or CGU exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount.

Impairment losses for continuing operations are recognized in profit or loss from continuing operations.

An assessment is made at the financial reporting date to determine whether there is any indication that previously recognized impairment losses for non-financial assets have reversed. The reversal of a impairment loss is recognized in profit or loss.

Inventory

Inventories are valued at the lower of cost and net realizable value. Costs incurred in bringing each product to its present location and condition are accounted for as total of purchase cost on a weighted average basis.

Net realizable value is the estimated selling price in the ordinary course of business, less estimated costs of completion and the estimated costs to sell.

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.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2023

5. Material accounting policies (Continued)

Financial assets (Continued)

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.

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 passthrough 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.

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

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

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2023

5. Material accounting policies (Continued)

Provisions

General

Provisions are recognized when the Company has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. Where the Company expects some or all of a provision to be reimbursed, for example under an insurance contract, the reimbursement is recognized as a separate asset but only when the reimbursement is virtually certain. The expense relating to a provision is presented in 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.

Onerous contracts

If the Company has a contract that is onerous, the present obligation under the contract is recognized and measured as a provision. However, before a separate provision for an onerous contract is established, the Company recognizes any impairment loss that has occurred on assets dedicated to that contract.

Employee Termination Benefits

The cost of providing benefits under the defined benefit plans is determined separately for each plan using the projected unit credit method.

Re-measurements, comprising of actuarial gains and losses are recognized immediately in the statement of financial position with a corresponding debit or credit to retained earnings through OCI in the period in which they occur. Re-measurements are not reclassified to profit or loss in subsequent periods.

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.

Derecognition of financial liabilities

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

Offsetting of Financial Instruments

Financial assets and financial liabilities are offset 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

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

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2023

5. Material accounting policies (Continued)

Trade receivables

A receivable represents the Company's right to an amount of consideration that is unconditional (i.e., only 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 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.

Bidding and mobilisation costs

Bidding costs incurred in trying to obtain a contract are expensed as incurred. The Company capitalizes incremental costs incurred after being named a preferred bidder or receiving formal notification of the intention to appoint if such costs are expected to be recovered from contract cashflows.

Contract assets

A contract asset is the right to consideration in exchange for goods or services transferred to the customer. If the Company performs by transferring goods or services to a customer before the customer pays consideration or before payment is due, a contract asset is recognized for the earned consideration that is conditional

Revenue from Contracts with Customers

The Company recognizes revenue from contracts with customers based on a five-step model as set out in IFRS 15. Revenue is recognized based on the consideration specified in a contract with a customer and excludes amounts collected on behalf of third parties. The Company recognizes revenue when it transfers control over a product or services to a customer according to the value that reflects the consideration to which the company expects to be entitled in exchange for this transfer.

Performance obligation

The company generates revenue mainly from a collection of services and performance obligations according to client request as follows:

Products and Services	Nature and Timing of Satisfaction of Performance Obligations
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.

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

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2023

5. Material accounting policies (Continued)

Revenue from Contracts with Customers (Continued)

Performance obligation (Continued)

Products and Services	Nature and Timing of Satisfaction of Performance Obligations
Revenues from providing call center services	<p>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:</p> <ul style="list-style-type: none"> • 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: <ul style="list-style-type: none"> - 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. <p>Revenues from call center services are recognized in the accounting period in which the service is provided over time.</p>
Revenue from licensing and development services	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.
Revenue from providing text messaging services and subscriptions	Revenue from providing text messaging services and subscriptions is recognized at a point in time, upon actual use by the customer.

Accounts payable and accruals

Liabilities are recognized for amounts to be paid in the future for goods or services received, whether or not billed to the Company.

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

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2023

5. Material accounting policies (Continued)

Expenses

Expenses related to operations are allocated on a consistent basis to cost of sales, selling and marketing expenses and general and administration expenses in accordance with cost centres as followed by the Company.

Zakat and Tax

Zakat

The Company provide for zakat in accordance with the regulations of the Zakat, Tax and Customs (ZATCA). The provision is charged to profit or loss.

Uncertain zakat positions

Differences that may arise at the finalization of an assessment are accounted for when the assessment is finalized with ZATCA.

Value-added tax

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

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

The net amount of value added tax recoverable from, or payable to, the taxation authority is included as part of receivables or payables 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.

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

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2023**

6. Property and Equipment

	Land		Buildings		Vehicles		Furniture and Fixtures		Computers		Construction and Fitting		Improvements and Decorations		Project under Construction		Total	
	Saudi Riyal		Saudi Riyal		Saudi Riyal		Saudi Riyal		Saudi Riyal		Saudi Riyal		Saudi Riyal		Saudi Riyal			Saudi Riyal
Cost:																		
January 1, 2022	52,073,500	-	59,030,910	1,069,310	1,069,310	5,408,921	5,408,921	10,031,090	4,388,199	1,873,677	-	133,875,607	-	-	-	-	133,875,607	
Additions	-	-	52,953	1,593,787	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	2,663,097	5,832,116	10,641,023	4,388,199	15,912,442	1,873,677	-	152,467,917	-	-	-	-	152,467,917	
Additions	-	-	-	3,670,787	3,670,787	1,054,832	2,376,971	208,400	14,189,818	-	-	21,500,808	-	-	-	-	21,500,808	
Disposals	-	-	-	-	-	-	(12,860)	-	-	-	-	(12,860)	-	-	-	-	(12,860)	
Transfer	-	-	28,486,638	-	-	-	-	-	-	-	-	(28,486,638)	-	-	-	-	-	
December 31, 2023	52,073,500	-	87,570,501	6,333,884	6,333,884	6,886,948	13,005,134	4,596,599	1,615,622	1,873,677	-	173,955,865	-	-	-	-	173,955,865	
Accumulated depreciation:																		
January 1, 2022	-	-	6,841,602	386,942	386,942	1,860,631	5,585,166	753,196	1,773,345	-	-	17,200,882	-	-	-	-	17,200,882	
Charge for the year	-	-	2,026,121	205,088	205,088	683,526	900,232	327,546	55	-	-	4,142,568	-	-	-	-	4,142,568	
December 31, 2022	-	-	8,867,723	592,030	592,030	2,544,157	6,485,398	1,080,742	1,773,400	-	-	21,343,450	-	-	-	-	21,343,450	
Charge for the year	-	-	1,271,367	665,642	665,642	743,768	1,053,849	333,812	-	-	-	4,068,438	-	-	-	-	4,068,438	
Disposals	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
December 31, 2023	-	-	10,139,090	1,257,672	1,257,672	3,287,925	7,539,247	1,414,554	1,773,400	-	-	25,411,888	-	-	-	-	25,411,888	
Net book value																		
December 31, 2023	52,073,500	-	77,431,411	5,076,212	5,076,212	3,599,023	5,465,887	3,182,045	100,277	-	-	148,543,977	-	-	-	-	148,543,977	
December 31, 2022	52,073,500	-	50,216,140	2,071,067	2,071,067	3,287,959	4,155,625	3,307,457	100,277	-	-	131,124,467	-	-	-	-	131,124,467	

- This caption includes lands and buildings mortgaged as security against bank loans. This item includes lands and buildings located in Al-Khuzama, the net book value of which amounted to 20.1 million Saudi riyals as of December 31, 2023 (2022: 20.9 million Saudi riyals).
- 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. 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.
- During the year 2023, control and ownership of the land deeds were not transferred to the government entity, and therefore the company did not dispose these assets and recognize capital gains.
- Projects under construction as at December 31, 2023 and 2022 represents the costs incurred for works of the construction, preparation and expansion of the company's new head office in Riyadh.

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

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2023

6. Property and Equipment (Continued)

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

	<u>December 31, 2023</u> Saudi Riyal	December 31, 2022 Saudi Riyal
Cost of revenue (Note 22)	574,727	203,381
General and administrative expenses (Note 24)	3,493,711	3,939,187
	<u>4,068,438</u>	<u>4,142,568</u>

7. Intangible assets

	<u>Computer Programs</u> Saudi Riyal	<u>Software under development</u> Saudi Riyal	<u>Total</u> Saudi Riyal
Cost			
January 1, 2022	-	-	-
Additions	1,395,222	-	1,395,222
December 31, 2022	1,395,222	-	1,395,222
Additions	1,165,600	24,770,826	25,936,426
December 31, 2023	2,560,822	24,770,826	27,331,648
Accumulated amortization			
January 1, 2022	-	-	-
Charge for the year - (Note 22)	193,781	-	193,781
December 31, 2022	193,781	-	193,781
Charged for the year - (Note 22)	626,963	-	626,963
December 31, 2023	820,744	-	820,744
Net book value			
December 31, 2023	1,740,078	24,770,826	26,510,904
December 31, 2022	1,201,441	-	1,201,441
Amortization Rate	33.3%	-	-

8. Equity instruments at fair value through other comprehensive income

	<u>December 31, 2023</u> Saudi Riyal	December 31, 2022 Saudi Riyal
January 1	2,052,242	1,501,504
Remeasurement recognised in other comprehensive Income	357,953	550,738
Sales	(2,410,195)	-
December 31	-	2,052,242

9. Inventory

	<u>31 December 2023</u> Saudi Riyal	31 December 2022 Saudi Riyal
Electronic Devices	3,240,937	-
Bulk messages	518,574	150,108
Fingerprint devices	144,629	144,629
	<u>3,904,140</u>	<u>294,737</u>

PERFECT PRESENTATION FOR COMMERCIAL SERVICES COMPANY

(A SAUDI JOINT STOCK COMPANY)

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2023****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	Relationship
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 major 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 major 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,:

Related Party	Nature of Transaction	December 31, 2023 Saudi Riyal	December 31, 2022 Saudi Riyal
Prime Technical Contracting Establishment	Purchases	2,452,680	-
	Payment on behalf	37,776	1,342,005
	Sales	-	105,570
Cloud Distribution for Communications and Information Technology Company	Sales	100,108	16,324,101
	Purchases	7,983,182	41,068,274
Information Technology Belt Company	Sales	161,000	586,125
	Purchases	12,171,812	-
	Payment on behalf	25,210	-
Ideal for Business and Commercial Investment Company	Sales	295,838	394,450
Sustainable Energy Company	Purchases	-	2,435,952
Perfect Presentation for Commercial Services Company- Egypt	Sales	43,466,775	
	Purchases	11,399,155	9,968,726

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

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2023

10. Related Parties' Transaction and Balances (Continued)

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

	<u>December 31, 2023</u> Saudi Riyal	<u>December 31, 2022</u> Saudi Riyal
Ideal for Business and Commercial Investment Company	98,613	-
Sustainable Energy Company	77,752	77,752
Information Technology Belt Company	-	2,201,997
Prime Technical Contracting Establishment	-	52,785
	<u>176,365</u>	<u>2,332,534</u>

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

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

	<u>December 31, 2023</u> Saudi Riyal	<u>December 31, 2022</u> Saudi Riyal
Information Technology Belt Company	9,405,732	-
Cloud Distribution for Communications and Information Technology Company	7,514,088	21,649,057
Prime Technical Contracting Establishment	39,932	-
	<u>16,959,752</u>	<u>21,649,057</u>

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

Key Management Personal Remunerations

	<u>December 31, 2023</u> Saudi Riyal	<u>December 31, 2022</u> Saudi Riyal
Key Management Personal Remunerations	4,974,364	8,459,488

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

11. Trade Receivables

	<u>December 31, 2023</u> Saudi Riyal	<u>December 31, 2022</u> Saudi Riyal
Trade receivables	509,058,420	291,558,137
Less: impairment loss on trade receivables	(14,088,818)	(5,068,327)
	<u>494,969,602</u>	<u>286,489,810</u>

As of December 31, 2023, the Company's trade receivables are mainly concentrated from government agencies with an amount of SR 429,586,860 representing 84.3% of total trade receivables (December 31, 2022: SR 270,950,112 representing 93% of total trade receivables).

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

	<u>2023</u> Saudi Riyal	<u>2022</u> Saudi Riyal
January 1	5,068,327	2,151,635
Additions	9,020,491	2,916,692
December 31	<u>14,088,818</u>	<u>5,068,327</u>

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

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2023

12. Prepayments and other receivables

	<u>December 31, 2023</u> Saudi Riyal	<u>December 31, 2022</u> Saudi Riyal
Advances to suppliers	6,711,718	3,482,363
Bank margin against letters of credit and letters of guarantee	5,326,318	7,004,273
Accrued government grant	5,252,398	-
Prepaid expenses	2,723,833	3,808,880
Retentions	1,505,654	-
Employee's receivables	929,018	809,083
Others	5,275,343	1,391,688
	<u>27,724,282</u>	<u>16,496,287</u>

13. Cash and Cash Equivalents

	<u>December 31, 2023</u> Saudi Riyal	<u>December 31, 2022</u> Saudi Riyal
Cash at banks	50,129,204	64,727,519
Cash custodies	1,372,628	2,484,652
	<u>51,501,832</u>	<u>67,212,171</u>

14. Share Capital and Reserves

14-1 Share Capital

On Dhu al-Qi'dah 18, 1444H (corresponding to June 7, 2023), the extraordinary general assembly of the company's shareholders approved the recommendation of the Board of Directors to divide the nominal value of the share from 10 Saudi riyals per share to 1 Saudi riyal per share. As a result, the number of shares of the company increased from 15 million shares to 150 million shares. Legal procedures have been completed to reflect the above.

The company's share capital as at December 31, 2023, consists of 150,000,000 shares with a nominal value of 1 Saudi riyal per share (December 31, 2022: 15,000,000 shares with a nominal value of 10 Saudi riyals per share).

On February 21, 2022, the company's Board of Directors recommended to the Extraordinary General Assembly to approve an increase in the company's capital by an amount of 130,000,000 Saudi riyals, by transferring an amount of 6,000,000 Saudi riyals from the statutory reserve, transferring an amount of 6,670,311 Saudi riyals from additional capital, and transferring an amount of 117,329,689 Saudi riyals. From retained earnings. The regulatory procedures related to the capital increase were completed during the year ending December 31, 2022.

14-2 Statutory Reserve

The new Saudi Companies law which became effective on 19 January 2023 removed the requirement of maintaining a statutory reserve which existed in the previous law. The Company is in the process of updating its articles of association to align it with the new law.

The Company has transferred 10% from net profit of the year to statutory reserve in accordance with its current bylaw.

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

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2023

15. Dividends

- During 2023 no dividends were declared or paid.
- 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).

16. Capital Management

For the purpose of capital management, capital includes capital and all other equity reserves attributable to the shareholders of the Company. The primary objective of capital management is to maximise value to the shareholders.

The Company manages its capital structure and makes adjustments in light of changes in economic conditions. To maintain or adjust the capital structure, the Company may adjust the dividend payment to shareholders and adjust the financial leverage percentage.

17. Bank Facilities

17.1 Long-term loans

Long-term loans comprise the following:

	<u>December 31, 2023</u> Saudi Riyal	<u>December 31, 2022</u> Saudi Riyal
Non-current portion included in non-current liabilities	2,581,847	5,364,766
Current portion included in current liabilities	2,782,919	2,179,721
	<u>5,364,766</u>	<u>7,544,487</u>

The Company obtained loans (Murabaha & Tawruq) 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).

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

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2023**

17. Bank Facilities (Continued)

17.2 Short-term loans

These loans represent credit facilities (Murabaha and Tawruq) 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.

18. Employee termination benefits

The movement in employee termination benefits, a defined benefit plan, during the year is as follows:

	<u>2023</u> Saudi Riyal	<u>2022</u> Saudi Riyal
1 January	26,421,654	20,915,940
Expense charged to profit or loss	14,360,133	12,953,996
Actuarial remeasurement charged to other comprehensive income	1,226,802	1,623,451
Paid	(7,956,645)	(9,071,733)
31 December	34,051,944	26,421,654

The expense charged to profit or loss comprise of:

	<u>2023</u> Saudi Riyal	<u>2022</u> Saudi Riyal
Current service cost	13,372,626	12,492,204
Interest cost	987,507	461,792
Cost recognized in profit or loss	14,360,133	12,953,996

Significant actuarial assumptions

	<u>31 December</u>	
	<u>2023</u>	<u>2022</u>
Discount rate	4.75%	4.40%
Salary growth rate	4.00%	4.40%
Employee turnover	High	High

Sensitivity analysis of key actuarial assumptions are as follows:

	<u>2023</u>		<u>2022</u>	
	%	Saudi Riyal	%	Saudi Riyal
Discount rate				
Increase	+1%	31,564,988	+1%	24,389,913
Decrease	-1%	36,911,503	-1%	28,772,776
Salary growth rate				
Increase	+1%	36,904,196	+1%	28,748,769
Decrease	-1%	31,525,580	-1%	24,371,636

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

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2023**

19. Accrued Expenses and Other payables

	<u>December 31, 2023</u> Saudi Riyal	<u>December 31, 2022</u> Saudi Riyal
Value added tax, net	64,998,990	25,914,299
Accrued employees' benefits	62,454,326	51,996,608
Notes payable	25,359,985	-
Accrued finance cost	6,182,936	5,099,056
Advances from customers	4,294,447	6,868,404
Accrued commissions	2,211,744	9,385,241
Others	26,133,503	15,791,938
	<u>191,635,931</u>	<u>115,055,546</u>

20. Zakat Payable

Components of zakat base

Zakat is payable at 2.5% of the greater of the approximate zakat base and adjusted profit.

The significant components of the zakat base under zakat regulation principally comprise shareholders' equity, provisions at the beginning of year, long-term borrowings and adjusted net income, less a deduction for the net book value of long-term assets.

	<u>December 31, 2023</u> Saudi Riyal	<u>December 31, 2022</u> Saudi Riyal
Equity, opening balance	253,957,464	133,716,990
Adjusted net income before zakat	162,224,277	153,695,742
Non-current liabilities and others	31,260,953	40,436,805
Non-current assets and others	(175,054,881)	(133,827,412)

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

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

	<u>December 31, 2023</u> Saudi Riyal	<u>December 31, 2022</u> Saudi Riyal
January 1	5,265,401	3,473,389
Charge for the year	6,895,264	4,881,880
excess in prior years' provision	(874,922)	-
Paid during the year	(4,390,479)	(3,089,868)
December 31	<u>6,895,264</u>	<u>5,265,401</u>

Zakat Expense charged during the year is as following:

	<u>December 31, 2023</u> Saudi Riyal	<u>December 31, 2022</u> Saudi Riyal
Charge for the year	6,895,264	4,881,880
excess in prior years' provision	(874,922)	-
December 31	<u>6,020,342</u>	<u>4,881,880</u>

Zakat status

The Company has filed its zakat returns up to the year ended December 31, 2022 to the Zakat, Tax and Customs Authority and received a final certificate. The Company finalized its zakat status up to year 2016, and the remaining years are still under review by the Authority.

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

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2023**

21. Revenue from contracts with customers

21.1 Disaggregated revenue information

Segments	2023	2022
Products or services	Saudi Riyal	Saudi Riyal
Call Centre services	304,459,247	344,020,782
Operation and maintenance services	381,403,092	353,910,986
Software licenses and development services	416,568,532	229,239,127
Management Services	27,242,269	-
Total revenue from contracts with customers	1,129,673,140	927,170,895
Type of customers		
Government and government-controlled entities	982,350,231	769,151,370
Private sector	147,322,909	158,019,525
Total revenue from contracts with customers	1,129,673,140	927,170,895
Timing of revenue recognition		
Products transferred at a point in time	53,502,020	75,345,560
Services transferred over a period of time	1,076,171,120	851,825,335
Total revenue from contracts with customers	1,129,673,140	927,170,895

21.2 Contracts Balances

	December 31, 2023	December 31, 2022
	Saudi Riyal	Saudi Riyal
Trade receivables (Note 11)	494,969,602	286,489,810
Contract assets (Note A)	425,045,794	299,993,022
Contract liabilities (Note B)	61,343,653	70,693,746

A) Contract Assets

	December 31, 2023	December 31, 2022
	Saudi Riyal	Saudi Riyal
Total contract assets	430,063,888	301,480,962
Less: Impairment loss on contract assets	(5,018,094)	(1,487,940)
	425,045,794	299,993,022

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, 2023, the Company's contract assets are mainly concentrated from government agencies with an amount of SR 352,558,123 representing 81.9 %of total contract assets (December 31, 2022: SR 241,578,830 representing 80% of total contract assets).

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

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2023**

21. Revenue from contracts with customers (Continued)

21.2 Contracts Balances (Continued)

A) Contract Assets (Continued)

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

	<u>2023</u>	<u>2022</u>
	Saudi Riyal	Saudi Riyal
January 1	1,487,940	-
Additions	3,530,154	1,487,940
December 31	5,018,094	1,487,940

B) Contract Liabilities

Contract liabilities include long-term advances against contracts with customers and as well as transaction price allocated to unsatisfied performance obligations.

	<u>December 31, 2023</u>	<u>December 31, 2022</u>
	Saudi Riyal	Saudi Riyal
Billing in excess of work performed	45,684,637	56,673,410
Advances from customers	15,659,016	14,020,336
	61,343,653	70,693,746

22. Cost of Revenue

	<u>2023</u>	<u>2022</u>
	Saudi Riyal	Saudi Riyal
Employees benefits	450,121,610	402,100,731
Cost of equipment, software, services, and support	444,170,102	310,477,928
Government fees	10,272,844	8,586,711
Travel and transportation	4,807,226	1,227,798
Maintenance and repair	2,707,981	1,644,916
Subscriptions	1,182,068	635,216
Amortization	626,963	193,781
Depreciation	574,727	203,381
Others	4,804,084	2,716,879
	919,267,605	727,787,341

23. Selling and Marketing Expenses

	<u>2023</u>	<u>2022</u>
	Saudi Riyal	Saudi Riyal
Employees benefits	4,874,479	5,744,592
Travel and transportation	1,016,126	391,076
Tenders' fees	556,890	402,850
Others	481,503	290,856
	6,928,998	6,829,374

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

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2023

24. General and Administrative Expenses

	<u>2023</u>	<u>2022</u>
	Saudi Riyal	Saudi Riyal
Employees benefits	12,951,233	19,966,161
Depreciation	3,493,711	3,939,187
Professional fees	2,655,047	1,643,340
Government fees	1,080,486	898,090
Utilities expenses	1,952,183	563,043
Others	3,772,828	1,905,547
	<u>25,905,488</u>	<u>28,915,368</u>

25. Other operating income

	<u>2023</u>	<u>2022</u>
	Saudi Riyal	Saudi Riyal
Bad debts collection	4,432,469	1,108,790
Human resources grant	1,943,283	-
Rentals income	702,825	989,650
Others	1,628,767	1,107
	<u>8,707,344</u>	<u>2,099,547</u>

26. Finance costs

	<u>2023</u>	<u>2022</u>
	Saudi Riyal	Saudi Riyal
Loans finance cost	37,426,742	24,565,056
Finance cost related to Employees termination benefits	987,507	461,792
	<u>38,414,249</u>	<u>25,026,848</u>

27. Earnings Per Share

	<u>December 31, 2023</u>	<u>December 31, 2022</u>
	Saudi Riyal	Saudi Riyal
Net profit for the year	129,293,157	131,455,234
Weighted average number of ordinary shares	150,000,000	150,000,000
Earnings per share – basic and diluted	<u>0,86</u>	<u>0,88</u>

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

Basic earnings per share have been calculated by dividing the profit for the period attributable to shareholders by the weighted average number of ordinary shares outstanding during the period.

Number of shares for the period ending on December 31, 2022, has been retrospectively adjusted to reflect the share split (note 14) since it represents a change in the number of shares without any change in resources.

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

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2023**

28. Commitments and contingencies

Guarantees:

The Company is contingently liable for bank guarantees issued in the normal course of business amounting to SR 337,044,179 as at 31 December 2023 (2022: SR 271,155,152).

29. Fair values and risk management of financial instruments

29.1 Fair value measurements of financial instruments

As at 31 December 2023, the Company does not have any financial instruments measured at fair value (2022: S.R 2,052,242 The company had investments in equity at fair value through other comprehensive income at Level 1).

29.2 Risk Management of Financial Instruments

The Company's activities expose it to a variety of financial risks, credit risk, liquidity risk and market price risk.

Credit Risk:

Credit risk is the risk that one party to financial instruments 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 contract assets, trade receivables and bank balances. The carrying amount of financial assets represents the maximum credit exposure. The Company does not hold collateral as security.

The Company seeks to limit its credit risk with respect to contract assets & trade receivables by setting credit limits for individual customers and by monitoring outstanding balances on an ongoing basis. The receivable balances are monitored with the result that the Company's exposure to bad debts is not significant.

Bank balances are held with banks with sound credit ratings.

The exposure to credit risk for contract assets and trade receivables by type of counterparty was as follows:

	December 31, 2023	December 31, 2022
	Saudi Riyal	Saudi Riyal
Trade receivables		
Government and government-controlled entities *	352,558,123	241,578,830
Private Sector	77,505,765	59,902,132
	509,058,420	291,558,137
Contract assets		
Government and government-controlled entities *	429,586,860	270,950,112
Private Sector	79,471,560	20,608,025
	430,063,888	301,480,962

*Represents companies owned and controlled by the government

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

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2023

29. Fair values and risk management of financial instruments (Continued)

29.2 Risk Management of Financial Instruments (Continued)

Credit Risk (Continued)

Management performs an impairment analysis at each reporting date using an allowance matrix to measure Expected Credit Losses ("ECLs"). The allowance rates are based on days past due for groupings of various customer segments with similar loss patterns.

The following table provides information about the exposure to credit risk and ECLs for contract assets:

As of 31 December 2023:

	<u>ECL Rate</u>	<u>Exposure</u>	<u>ECL</u>
	%	Saudi Riyal	Saudi Riyal
Less than 90 days	0.01%	257,050,198	17,437
91 to 180 days	0.02%	40,415,015	6,719
181 to 270 days	0.04%	41,308,971	14,987
271 to 360 days	0.06%	35,420,850	21,397
361 to 450 days	0.13%	37,384,430	47,087
451 to 540 days	0.59%	3,113,199	18,367
541 to 630 days	17.2%	12,543,161	2,169,300
More than 631 days	96.28%	2,828,064	2,722,800
		<u>430,063,888</u>	<u>5,018,094</u>

As of 31 December 2022:

	<u>ECL Rate</u>	<u>Exposure</u>	<u>ECL</u>
	%	Saudi Riyal	Saudi Riyal
Less than 90 days	0.07%	222,466,106	159,438
91 to 180 days	0.32%	31,556,707	101,018
181 to 270 days	1.09%	30,309,416	330,603
271 to 360 days	3.68%	10,218,940	376,043
More than 360 days	7.52%	6,929,793	520,838
		<u>301,480,962</u>	<u>1,487,940</u>

The following table provides information about the exposure to credit risk and ECLs for trade receivables from Government and government-controlled entities:

As of 31 December 2023:

	<u>ECL Rate</u>	<u>Exposure*</u>	<u>ECL</u>
	%	Saudi Riyal	Saudi Riyal
Current (not past due)	0.21%	272,107,075	582,134
Less than 90 days	0.57%	36,507,248	207,796
91 to 180 days	1.40%	21,817,490	306,426
181 to 270 days	1.94%	17,946,019	347,632
271 to 360 days	3.41%	13,900,517	474,467
361 to 450 days	4.83%	21,228,449	1,024,612
451 to 540 days	6.62%	1,056,174	69,938
541 to 630 days	13.51%	3,515,889	475,100
631 to 720 days	20.62%	2,574,163	530,779
More than 721 days	91.26%	8,794,414	8,025,455
		<u>399,447,438</u>	<u>12,044,339</u>

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

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2023

*The total amount of exposure is shown net after deducting the corresponding contract liabilities.

29. Fair values and risk management of financial instruments (Continued)

29.2 Risk Management of Financial Instruments (Continued)

Credit Risk (Continued)

As of 31 December 2022:

	ECL Rate	Exposure*	ECL
	%	Saudi Riyal	Saudi Riyal
Current (not past due)	0.14%	142,658,124	198,272
Less than 90 days	0.41%	48,189,981	199,712
91 to 180 days	1.41%	7,496,445	105,907
181 to 270 days	2.15%	14,805,670	317,613
271 to 360 days	4.04%	2,530,526	102,333
361 to 450 days	7.07%	1,540,906	108,900
451 to 540 days	11.53%	3,334,918	384,417
541 to 630 days	20.82%	2,106,645	438,657
631 to 720 days	24.17%	367,937	88,940
More than 721 days	43.85%	3,049,995	1,337,684
		<u>226,081,147</u>	<u>3,282,435</u>

*The total amount of exposure is shown net after deducting the corresponding contract liabilities.

The following table provides information about the exposure to credit risk and ECLs for trade receivables from private sector:

As of 31 December 2023:

	ECL Rate	Exposure*	ECL
	%	Saudi Riyal	Saudi Riyal
Current (not past due)	0.57%	62,975,225	359,678
Less than 90 days	0.85%	3,121,759	26,690
91 to 180 days	2.88%	3,607,770	103,925
181 to 270 days	5.71%	816,129	46,578
271 to 360 days	9.80%	657,119	64,416
More than 361 days	47.13%	3,062,302	1,443,192
		<u>74,240,304</u>	<u>2,044,479</u>

*The total amount of exposure is shown net after deducting the corresponding contract liabilities.

As of 31 December 2022:

	ECL Rate	Exposure*	ECL
	%	Saudi Riyal	Saudi Riyal
Less than 90 days	0.92%	9,863,237	90,893
91 to 180 days	2.23%	2,647,090	59,056
181 to 270 days	5.74%	2,386,970	137,066
271 to 360 days	00.0%	-	-
More than 361 days	82.99%	1,806,038	1,498,877
		<u>16,703,335</u>	<u>1,785,892</u>

*The total amount of exposure is shown net after deducting the corresponding contract liabilities.

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

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2023

29. Fair values and risk management of financial instruments (Continued)

29.2 Risk Management of Financial Instruments (Continued)

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 result from the inability to sell a financial asset quickly at an amount close to its fair value. Following are the contractual maturities at the end of the reporting period of financial liabilities.

Financial Liability	31 December 2023			
	Carrying amount	Less than 1 year	1 year to 5 years	More than 5 years
	Saudi Riyal	Saudi Riyal	Saudi Riyal	Saudi Riyal
Trade payable	173,300,807	173,300,807	-	-
Due to related parties	16,959,752	16,959,752	-	-
Accrued expenses and other payables	191,635,931	191,635,931	-	-
Short term loans	307,800,960	307,800,960	-	-
Long term loans	5,364,766	2,782,919	2,581,847	-
	<u>695,062,216</u>	<u>649,480,369</u>	<u>2,581,847</u>	<u>-</u>

Financial Liability	31 December 2022			
	Carrying amount	Less than 1 year	1 year to 5 years	More than 5 years
	Saudi Riyal	Saudi Riyal	Saudi Riyal	Saudi Riyal
Trade payable	144,450,439	144,450,439	-	-
Due to related parties	21,649,057	21,649,057	-	-
Accrued expenses and other payables	115,055,546	115,055,546	-	-
Short term loans	152,016,870	152,016,870	-	-
Long term loans	7,544,487	2,179,721	5,364,766	-
	<u>440,716,399</u>	<u>435,351,633</u>	<u>5,364,766</u>	<u>-</u>

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's 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.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2023**

29. Fair values and risk management of financial instruments (Continued)

29.2 Risk Management of Financial Instruments (Continued)

Interest rate risk

Interest rate risk is the exposure associated with the effect of fluctuations in the prevailing interest rates on the Company's financial position and cash flows. Variable rate financial liabilities as at 31 December 2023 amounted to SR 313.2m (2022: SR 159.6m).

An increase of 100 basis points in the interest rate would have increased finance costs for the year ended 31 December 2023 by SR 3.1m (2022: SR 1.6m).

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

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2023**

30. Operating Segments

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

Segment 1: Operation and maintenance services.

Segment 2: Customer experience.

Segment 3: Software licenses and development services (including providing text messaging services and subscriptions and internet services).

Segment 4: Management services

The following is a summary of some financial information by operating segments:

• **As at December 31, 2023**

	Segment 1	Segment 2	Segment 3	Segment 4	Shared items	Total
	Saudi Riyals	Saudi Riyals	Saudi Riyals	Saudi Riyals	Saudi Riyals	Saudi Riyals
Revenue	381,403,092	304,459,247	416,568,532	27,242,269	-	1,129,673,140
Net Profit Before Zakat	58,306,135	60,060,427	65,915,523	4,089,303	(53,057,889)	135,313,499
Contract assets	162,037,012	79,237,030	171,127,312	17,662,534	(5,018,094)	425,045,794
Trade receivables	231,464,945	100,268,910	170,821,265	6,503,300	(14,088,818)	494,969,602
Shared assets	-	-	-	-	258,361,500	258,361,500
Total assets	393,501,957	179,505,940	341,948,577	24,165,834	239,254,588	1,178,376,896
Contract liabilities	25,109,860	4,927,881	31,305,912	-	-	61,343,653
Shared liabilities	-	-	-	-	735,009,424	735,009,424
Total liabilities	25,109,860	4,927,881	31,305,912	-	735,009,424	796,353,077

• **As at December 31, 2022**

	Segment 1	Segment 2	Segment 3	Segment 4	Shared items	Total
	Saudi Riyals	Saudi Riyals	Saudi Riyals	Saudi Riyals	Saudi Riyals	Saudi Riyals
Revenue	353,910,986	344,020,782	229,239,127	-	-	927,170,895
Net Profit Before Zakat	50,447,528	89,206,839	40,771,448	-	(44,088,701)	136,337,114
Contract assets	145,175,240	86,414,288	69,891,434	-	(1,487,940)	299,993,022
Trade receivables	110,799,784	94,948,841	85,809,512	-	(5,068,327)	286,489,810
Shared assets	-	-	-	-	220,713,879	220,713,879
Total assets	255,975,024	181,363,129	155,700,946	-	214,157,612	807,196,711
Contract liabilities	28,048,779	1,895,935	40,530,507	-	218,525	70,693,746
Shared liabilities	-	-	-	-	482,903,454	482,903,454
Total liabilities	28,048,779	1,895,935	40,530,507	-	483,121,979	553,597,200

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

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2023

31. STANDARDS ISSUED BUT NOT YET EFFECTIVE

The new and amended standards and interpretations that are issued, but not yet effective, up to the date of issuance of the Company's financial statements are disclosed below. The Company intends to adopt these new and amended standards and interpretations, if applicable, when they become effective. The following new and amended standards and interpretations are not expected to have a material impact on the Company's financial statements:

- Amendments to IAS 1: Classification of Liabilities as Current or Non-current
- Amendments to IAS 1: Non-current liabilities with covenants
- Amendments to IFRS 16: Lease Liability in a Sale and Leaseback
- Amendments to IAS 7 and IFRS 7: Supplier Finance Arrangements
- Amendments to IAS 21: Lack of exchangeability

32. Reclassification of Comparative Figures

Comparative figures have been reclassified in order to be in line with the classification of the current period, this reclassification had no impact on total equity or net profit of prior periods as follows:

	Before reclassification	Reclassification	After reclassification
	Saudi Riyals	Saudi Riyals	Saudi Riyals
Cost of revenue	746,745,080	(18,957,739)	727,787,341
Selling and marketing expenses	9,040,438	(2,211,064)	6,829,374
Finance costs	3,858,045	(21,168,803)	25,026,848

33. Subsequent Events

At March 30, 2024, The board of directors agreed to recommend to the Extraordinary General Assembly to vote on increasing the company's capital by 100% by granting free shares through capitalizing 150 million Saudi riyals of retained earnings, by granting a free share for every share holder.

34. Approval of the Financial Statements

The financial statements were approved by the Company's Board of Directors on Ramadan 20, 1445H (corresponding to March 30, 2024G).