



**DIGITAL RESEARCH COMPANY
(CLOSED JOINT STOCK COMPANY)
RIYADH – KINGDOM OF SAUDI ARABIA**

**INTERIM CONDENSED FINANCIAL STATEMENTS
AND INDEPENDENT AUDITOR'S REVIEW REPORT
FOR THE THREE-MONTH AND SIX-MONTH PERIODS ENDED JUNE 30, 2024**

DIGITAL RESEARCH COMPANY
(CLOSED JOINT STOCK COMPANY)
INTERIM CONDENSED FINANCIAL STATEMENTS (UNAUDITED)
FOR THE THREE-MONTH AND SIX-MONTH PERIODS ENDED JUNE 30, 2024
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INDEPENDENT AUDITOR'S REVIEW REPORT ON THE INTERIM CONDENSED FINANCIAL STATEMENTS

To the Shareholders of
Digital Research Company
(Closed Joint Stock Company)

Introduction

We have reviewed the accompanying interim condensed financial statements of **Digital Research Company** (A Closed Joint Stock Company) (the "Company"), which include the interim condensed statement of financial position as at June 30, 2024, the interim condensed statements of profit or loss and other comprehensive income for the three-month and six month periods ended June 30, 2024, the interim condensed statement of changes in equity and interim condensed statement of cash flows for the six-month period then ended and other explanatory notes. Management is responsible for the preparation and presentation of these interim condensed financial statements in accordance with International Accounting Standard 34 "Interim Financial Reporting" that is endorsed in the Kingdom of Saudi Arabia. Our responsibility is to express a conclusion on these interim condensed financial statements based on our review.

Scope of review

We conducted our review in accordance with the International Standard on Review Engagements 2410, "Review of Interim Financial Information performed by the Independent Auditor of the Entity" that is endorsed in the Kingdom of Saudi Arabia. A review of interim financial information consists of making inquiries primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing endorsed in the Kingdom of Saudi Arabia, and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Conclusion

Based on our review, nothing has come to our attention that cause us to believe that the accompanying interim condensed financial statements are not prepared, in all material respects, in accordance with International Accounting Standard 34 "Interim Financial Reporting" that is endorsed in the Kingdom of Saudi Arabia.

RSM Allied Accountants Professional Services



Mohammed Bin Farhan Bin Nader
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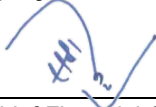
Riyadh, Kingdom of Saudi Arabia
Safar 30, 1446H (corresponding to September 03, 2024)




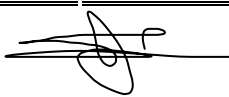
DIGITAL RESEARCH COMPANY
(CLOSED JOINT STOCK COMPANY)
INTERIM CONDENSED STATEMENT OF FINANCIAL POSITION
AS AT JUNE 30, 2024
(All amounts are in Saudi Riyals unless otherwise stated)



	Note	June 30, 2024 (unaudited)	December 31, 2023 (audited)
Assets			
Non-current assets			
Property and equipment	5	3,154,661	3,369,030
Intangible assets		370,238	254,670
Right-of-use assets	6.1	7,628,294	8,348,130
Total non-current assets		11,153,193	11,971,830
Current assets			
Contract assets	7.1	8,045,211	10,730,969
Prepaid expenses and other assets		8,384,714	8,067,430
Accounts receivable	8	16,598,627	9,879,393
Cash at banks		3,702,959	5,590,853
Total current assets		36,731,511	34,268,645
Total assets		47,884,704	46,240,475
Equity and liabilities			
Equity			
Share capital	10	15,000,000	1,228,070
Additional contribution from shareholders	11	1,363,530	-
Statutory reserve	12	368,421	368,421
Treasury shares	13	(1,363,530)	-
Share premium	14	-	11,528,452
Retained earnings		5,146,561	8,199,121
Total equity		20,514,982	21,324,064
Liabilities			
Non-current liabilities			
Employee defined benefit plan obligations		4,206,268	3,723,125
Lease liabilities - non-current portion	6.2	7,188,966	7,581,613
Total non-current liabilities		11,395,234	11,304,738
Current liabilities			
Loans	15	2,689,371	1,289,013
Lease liabilities - current portion	6.2	1,150,585	1,416,046
Accounts payable, accrued expenses and other liabilities		6,116,390	7,385,360
Contract liabilities	7.2	1,676,693	2,924,516
Dividend payable	23	4,000,000	-
Zakat payable	16	341,449	596,738
Total current liabilities		15,974,488	13,611,673
Total liabilities		27,369,722	24,916,411
Total equity and liabilities		47,884,704	46,240,475


Chief Financial Officer
(Muhammed Adnan Rasheed)


Chief Executive Officer
(Waleed Khalid Alsuliman)


Chairman of Board of Directors
(Ahmed Mohammad Ahmed
Al-Quraishi)

The accompanying notes (1) to (25) form an integral part of these interim condensed financial statements

DIGITAL RESEARCH COMPANY
(CLOSED JOINT STOCK COMPANY)
INTERIM CONDENSED STATEMENT OF PROFIT OR LOSS AND OTHER
COMPREHENSIVE INCOME
FOR THE THREE-MONTH AND SIX-MONTH PERIODS ENDED JUNE 30, 2024
(All amounts are in Saudi Riyals unless otherwise stated)

	Note	Three-month period		Six-month period	
		June 30, 2024 (unaudited)	June 30, 2023 (unaudited and unreviewed)	June 30, 2024 (unaudited)	June 30, 2023 (unaudited and unreviewed)
Profit or loss					
Revenue	17	12,192,597	11,838,775	27,724,877	22,609,512
Cost of revenue	18	(7,750,573)	(7,638,445)	(17,187,920)	(14,238,639)
Gross profit		4,442,024	4,200,330	10,536,957	8,370,873
Selling and marketing expenses		(54,104)	(10,750)	(912,212)	(32,050)
General and administrative expenses		(2,833,093)	(2,223,332)	(5,614,242)	(4,688,170)
Operating profit		1,554,827	1,966,248	4,010,503	3,650,653
Finance cost		(271,977)	-	(689,687)	(183,389)
Other income		75,635	57,200	210,473	151,889
Net profit for the period before zakat		1,358,485	2,023,448	3,531,289	3,619,153
Zakat		(186,701)	(116,512)	(340,371)	(205,677)
Net profit for the period		1,171,784	1,906,936	3,190,918	3,413,476
Other comprehensive income		-	-	-	-
Total comprehensive income for the period		1,171,784	1,906,936	3,190,918	3,413,476
Earnings per share					
Earnings per share of net profit for the period (basic and diluted)	19	0.84	1.27	2.21	2.28



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DIGITAL RESEARCH COMPANY
(CLOSED JOINT STOCK COMPANY)
INTERIM CONDENSED STATEMENT OF CHANGES IN EQUITY
FOR THE SIX-MONTH PERIOD ENDED JUNE 30, 2024
(All amounts are in Saudi Riyals unless otherwise stated)



	<u>Share capital</u>	<u>Additional contribution from shareholders</u>	<u>Statutory reserve</u>	<u>Treasury shares</u>	<u>Share premium</u>	<u>Retained earnings</u>	<u>Total equity</u>
<u>June 30, 2023 (unaudited and unreviewed)</u>							
Balance as at January 1, 2023 (audited)	1,228,070	-	368,421	-	11,528,452	(2,473,005)	10,651,938
Net profit for the period	-	-	-	-	-	3,413,476	3,413,476
Other comprehensive income	-	-	-	-	-	-	-
Total other comprehensive income	-	-	-	-	-	3,413,476	3,413,476
Balance as at June 30, 2023 (unaudited and unreviewed)	<u>1,228,070</u>	<u>-</u>	<u>368,421</u>	<u>-</u>	<u>11,528,452</u>	<u>940,471</u>	<u>14,065,414</u>
<u>June 30, 2024 (unaudited)</u>							
Balance as at January 1, 2024 (audited)	1,228,070	-	368,421	-	11,528,452	8,199,121	21,324,064
Net profit for the period	-	-	-	-	-	3,190,918	3,190,918
Other comprehensive income	-	-	-	-	-	-	-
Total other comprehensive income	-	-	-	-	-	3,190,918	3,190,918
Increase in share capital (refer note-10)	13,771,930	-	-	-	(11,528,452)	(2,243,478)	-
Treasury shares contributed by the shareholders (refer note-13)	-	1,363,530	-	(1,363,530)	-	-	-
Dividends (refer note-23)	-	-	-	-	-	(4,000,000)	(4,000,000)
Balance as at June 30, 2024 (unaudited)	<u>15,000,000</u>	<u>1,363,530</u>	<u>368,421</u>	<u>(1,363,530)</u>	<u>-</u>	<u>5,146,561</u>	<u>20,514,982</u>

Chief Financial Officer
(Muhammed Adnan Rasheed)

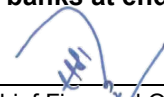
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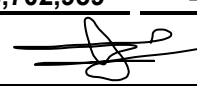
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**INTERIM CONDENSED STATEMENT OF CASH FLOWS
FOR THE SIX-MONTH PERIOD ENDED JUNE 30, 2024
(All amounts are in Saudi Riyals unless otherwise stated)**

	For the six-month period ended June 30,	
	2024 (unaudited)	2023 (unaudited and unreviewed)
Cash flows from operating activities		
Net profit for the period before zakat	3,531,289	3,619,153
Adjustments to reconcile net profit for the period:		
Depreciation of property and equipment	243,192	325,780
Depreciation of right-of-use assets	695,653	-
Amortization of intangible assets	42,932	47,652
Finance cost	689,687	183,389
Provision for employee defined benefit plan obligations	558,291	375,101
Expected Credit Loss ("ECL") allowance reversal	(44,488)	-
Loss on disposal of right-of-use assets and lease liabilities	1,112	-
	5,717,668	4,551,075
Changes in operating assets and liabilities:		
Contract assets	2,685,758	(45,416)
Prepaid expenses and other assets	(317,284)	(132,722)
Accounts receivable	(6,674,746)	492,803
Accounts payable, accrued expenses and other liabilities	(1,268,970)	(140,721)
Contract liabilities	(1,247,823)	(503,740)
Cash (used in) / generated from operations	(1,105,397)	4,221,279
Employee defined benefit plan obligations paid	(75,148)	(183,028)
Zakat paid	(595,660)	(345,847)
Net cash (used in) / generated from operating activities	(1,776,205)	3,692,404
Cash flows from investing activities		
Additions to property and equipment	(28,823)	(111,025)
Additions to intangible assets	(158,500)	-
Net cash used in investing activities	(187,323)	(111,025)
Cash flows from financing activities		
Proceeds from loans	6,537,488	3,967,170
Repayments of loans	(5,137,130)	(7,397,646)
Finance cost paid	(372,685)	(183,389)
Repayment of lease liabilities	(952,039)	-
Net cash generated from / (used in) financing activities	75,634	(3,613,865)
Net change in cash at banks	(1,887,894)	(32,486)
Cash at banks at the beginning of the period	5,590,853	4,834,156
Cash at banks at end of the period	3,702,959	4,801,670


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The accompanying notes (1) to (25) form an integral part of these interim condensed financial statements

NOTES TO INTERIM CONDENSED FINANCIAL STATEMENTS (Continued)
FOR THE SIX-MONTH PERIOD ENDED JUNE 30, 2024
(All amounts are in Saudi Riyals unless otherwise stated)

1- ORGANIZATION AND ACTIVITIES

a) Digital Research Company (“the Company”), a closed joint stock company, was registered in Riyadh under Commercial Registration No. 1010416852 on 11 Shaban 1435H (corresponding to June 09, 2014).

b) The Company's headquarter is located at the following address:

Digital Research Company
Riyadh - King Khalid International Airport
P.O. Box 1234
Postal Code 13413
Kingdom of Saudi Arabia.

c) The Company's activities primarily consist of market research and consultation services, and data analytics services.

d) Through an Extraordinary General Assembly meeting held on 18/12/1445H (corresponding to 24/06/2024G), the shareholders of the Company approved to increase the share capital of the Company from SAR 15,000,000 to SAR 16,875,000 by issuing 187,500 additional shares during Initial Public Offering (“IPO”) and existing shareholders waived their preemptive right on these additional shares. Shareholders also approved to float 337,500 ordinary shares of the Company, representing 20% of the increased share capital, and to proceed with an IPO and listing of its shares on parallel market (“Nomu”) of the Saudi Exchange (“Tadawul”). IPO of the Company and listing of its shares are still subject to approval by relevant regulatory authorities including Capital Market Authority (“CMA”).

2- BASIS OF PREPARATION

Statement of compliance

These interim condensed Financial Statements have been prepared in accordance with IAS 34 that is endorsed in Kingdom of Saudi Arabia and other standards and pronouncements that are issued by the Saudi Organization for Chartered and Professional Accountants (SOCPA) and should be read in conjunction with the Company's financial statements for the year ended December 31, 2023 (“last annual financial statements”). These financial statements do not include all the required information to prepare a full set of financial statements in accordance with IFRS Accounting Standards (IFRSs) as endorsed by SOCPA in the Kingdom of Saudi Arabia. However, certain accounting policies and selected explanatory notes are included to explain events and transactions that are significant during the period for understanding of the changes in the Company's financial position and performance since the previous year financial statements.

In addition, due to seasonality, results for the interim period ended June 30, 2024 are not necessarily indicative of the results that may be expected for the financial year ending December 31, 2024.

These condensed interim financial statements have been reviewed, not audited, except for interim condensed statements of profit or loss and other comprehensive income for the three-month and six-month periods ended June 30, 2023 and the interim condensed statement of changes in equity and cash flows for the six-month period ended June 30, 2023 which are unaudited and unreviewed and presented for comparative disclosure purpose only.

Basis of measurement

The interim condensed financial statements have been prepared according to historical cost principle, going concern basis and the accrual basis of accounting. Other basis will be used if International Financial Reporting Standards as endorsed in the Kingdom of Saudi Arabia and other standards and pronouncements supplementary to the International Standards endorsed by the SOCPA requires that, as stated in the material accounting policies (refer note-4).

Functional and presentation currency

These interim condensed financial statements are presented in Saudi Riyals, which is the Company's functional and presentation currency.

2-BASIS OF PREPARATION (Continued)

Use of assumptions, estimates and judgments

In preparing these interim condensed financial statements, management has made the judgements estimates and assumptions that affect the application of the Company's accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates.

The significant judgements made by management in applying the Company's accounting policies and the key sources of estimation uncertainty were the same as those described in the last annual audited financial statements.

3-NEW STANDARDS, AMENDMENTS TO STANDARDS AND INTERPRETATIONS

There are new standards and number of amendments to standards which are effective from January 1, 2024 and have been explained in Company's last annual audited financial statements, but they do not have a material effect on the Company's interim condensed financial statements.

4- MATERIAL ACCOUNTING POLICIES

The accounting policies adopted in the preparation of interim condensed financial statements are consistent with those followed in preparing the Company's last annual audited financial statements.

NOTES TO INTERIM CONDENSED FINANCIAL STATEMENTS (Continued)
FOR THE SIX-MONTH PERIOD ENDED JUNE 30, 2024
(All amounts are in Saudi Riyals unless otherwise stated)

5- PROPERTY AND EQUIPMENT

	Leasehold improvements	Furniture, fixtures and decorations	Air conditioners	Electrical equipment	Computers	Total
Cost						
Balance as at January 1, 2023 (audited)	3,242,973	1,068,434	105,240	489,174	901,002	5,806,823
Additions during the year	12,090	-	-	1,898	263,066	277,054
Balance as at December 31, 2023 (audited)	3,255,063	1,068,434	105,240	491,072	1,164,068	6,083,877
Additions during the period	-	-	-	3,453	25,370	28,823
Balance as at June 30, 2024 (unaudited)	3,255,063	1,068,434	105,240	494,525	1,189,438	6,112,700
Accumulated depreciation						
Balance as at January 1, 2023 (audited)	299,028	852,228	103,684	370,726	510,313	2,135,979
Charge during the year	215,059	116,632	352	68,043	178,782	578,868
Balance as at December 31, 2023 (audited)	514,087	968,860	104,036	438,769	689,095	2,714,847
Charge during the period	107,305	41,728	602	15,879	77,678	243,192
Balance as at June 30, 2024 (unaudited)	621,392	1,010,588	104,638	454,648	766,773	2,958,039
Net book value as at June 30, 2024 (unaudited)	2,633,671	57,846	602	39,877	422,665	3,154,661
Net book value as at December 31, 2023 (audited)	2,740,976	99,574	1,204	52,303	474,973	3,369,030

6- RIGHT-OF-USE ASSETS AND LEASE LIABILITIES

6.1 Right-of-use-assets

	June 30, 2024 (unaudited)	December 31, 2023 (audited)
Cost		
Balance at the beginning of the period / year	13,943,147	13,943,147
Disposal during the period / year	(87,058)	-
Balance at the end of the period / year	13,856,089	13,943,147
Accumulated depreciation		
Balance at the beginning of the period / year	5,595,017	4,173,488
Charged for the period / year	695,653	1,421,529
Disposal during the period / year	(62,875)	-
Balance at the end of the period / year	6,227,795	5,595,017
Net book value at the end of the period / year	7,628,294	8,348,130

6.2 Lease liabilities

	June 30, 2024 (unaudited)	December 31, 2023 (audited)
Balance at the beginning of the period / year	8,997,659	10,253,754
Finance cost	317,002	715,917
Paid during the period / year	(952,039)	(1,972,012)
Disposal during the period / year	(23,071)	-
Balance at the end of the period / year	8,339,551	8,997,659
Non-current portion	7,188,966	7,581,613
Current portion	1,150,585	1,416,046
	8,339,551	8,997,659

The right-of-use assets primarily consist of office premises obtained through rental arrangements.

7- CONTRACT ASSETS AND LIABILITIES

7.1 Contract assets

The movement in contract assets is as follows:

	June 30, 2024 (unaudited)	December 31, 2023 (audited)
Balance at the beginning of the period / year	10,730,969	6,437,921
Revenue recognized during the period / year	25,277,534	47,667,111
Revenue billed during the period / year	(27,963,292)	(43,374,063)
Balance at the end of the period / year	8,045,211	10,730,969

NOTES TO INTERIM CONDENSED FINANCIAL STATEMENTS (Continued)

FOR THE SIX-MONTH PERIOD ENDED JUNE 30, 2024

(All amounts are in Saudi Riyals unless otherwise stated)

7- CONTRACT ASSETS AND LIABILITIES (Continued)

7.2 Contract liabilities

The movement in contract liabilities is as follows:

	June 30, 2024 (unaudited)	December 31, 2023 (audited)
Balance at the beginning of the period / year	2,924,516	616,640
Revenue recognized during the period / year	(2,447,343)	(6,624,701)
Advance received during the period / year	1,199,520	8,932,577
Balance at the end of the period / year	1,676,693	2,924,516

8- ACCOUNTS RECEIVABLE

8.1 Movement in accounts receivable

	June 30, 2024 (unaudited)	December 31, 2023 (audited)
Accounts receivable	16,191,234	10,075,698
Retentions receivable	559,210	-
ECL allowance	(151,817)	(196,305)
Accounts receivable, net	16,598,627	9,879,393

8.2 Customer wise split of the accounts receivable:

	June 30, 2024 (unaudited)	December 31, 2023 (audited)
Government entities	15,942,339	9,773,415
Private entities	248,895	302,283
	16,191,234	10,075,698

8.3 Ageing of accounts receivable:

	June 30, 2024 (unaudited)			December 31, 2023 (audited)		
	Gross receivable	Loss rate %	ECL allowance	Gross receivable	Loss rate %	ECL allowance
Upto to 90 days	11,663,740	0.02	2,814	8,308,469	0.02	1,880
91 days to 180 days	4,347,598	0.17	7,221	1,175,605	0.13	1,474
181 days to 365 days	-	-	-	179,896	3.65	6,564
More than 365 days	179,896	78.80	141,782	411,728	45.27	186,387
	16,191,234		151,817	10,075,698		196,305

8.4 Movement in ECL allowance:

	June 30, 2024 (unaudited)	December 31, 2023 (audited)
Balance at the beginning of the period / year	196,305	264,921
(Reversed) / charged during the period / year	(44,488)	238,099
Written off during the period / year	-	(306,715)
Balance at the end of the period / year	151,817	196,305

9- RELATED PARTY TRANSACTIONS

Related parties represent board of directors and senior management personnel of the Company. Prices and terms of related party transactions are approved by the Company's management and are in the Company's normal course of business. There were no significant related party transactions during the three month and six month periods ended June 30, 2024 and 2023.

Compensation of senior management personnel

Key management personnel are those individuals having authority and responsibility for planning, directing and controlling the activities of the Company, directly or indirectly, includes senior management and board of directors (executive or otherwise).

Type of transaction	Three-month period		Six-month period	
	June 30, 2024 (unaudited)	June 30, 2023 (unaudited and unreviewed)	June 30, 2024 (unaudited)	June 30, 2023 (unaudited & unreviewed)
Short term benefits	896,700	612,000	1,793,400	1,224,000
Post-employment benefits	74,724	51,000	149,448	102,000
Board of directors' remunerations	204,000	75,000	309,000	150,050
	1,175,424	738,000	2,251,848	1,476,050

10- SHARE CAPITAL

The Company's General Assembly meeting, held on 16/7/1445H (corresponding to January 28, 2024G), approved to increase the share capital by SAR 122,800 (12,280 shares of SAR 10 each) from retained earnings. Further, the Company's General Assembly meeting, held on 13/10/1445H (corresponding to April 22, 2024), approved to increase the share capital by SAR 13,649,130 (1,364,913 shares of SAR 10 each) from share premium amounting to SAR 11,528,452 and from retained earnings amounting to SAR 2,120,678.

The Company's share capital as at June 30, 2024 amounted to SAR 15,000,000 (December 31, 2023: SAR 1,228,070), consisting of 1,500,000 (December 31, 2023: 122,807) fully paid and issued shares of SAR 10 each. As of June 30, 2024, related legal formalities to increase the share capital have been completed.

11- ADDITIONAL CONTRIBUTION FROM SHAREHOLDERS

Additional contribution from shareholders represents SAR 1,363,530 (December 31, 2023: SAR Nil) contributed by the shareholders in form of treasury shares (refer note-13).

12- STATUTORY RESERVE

According to the new Companies Law in the Kingdom of Saudi Arabia, which came into effect on January 19, 2023, the Company is no longer required to maintain a statutory reserve and the balance of the reserve can be transferred to retained earnings. General Assembly may determine the percentage to be distributed to the statutory reserve.

13- TREASURY SHARES

Through an Extraordinary General Assembly meeting held on 16/07/1445H (corresponding to January 28, 2024), shareholders of the Company approved and awarded 12,280 shares for allocating to treasury shares and approved the uses of the treasury shares as follows:

- Fulfilling convertible debt instruments holders right to convert them into Shares in accordance with the terms and conditions of those instruments;
- Share swap transactions for the acquisition of a company's shares or stakes or an asset purchase;
- Allocating them to Company's employee as part of an Employee Share plan; or
- Any other purpose approved by the relevant competent authority.

13- TREASURY SHARES (Continued)

Also, through an Extraordinary General Assembly meeting held on 13/10/1445H (corresponding to April 22, 2024), shareholders authorized the Company's board of directors with full power to manage treasury shares. Further, through an Extraordinary General Assembly meeting held on 18/12/1445H (corresponding to June 24, 2024), the shareholders of the Company approved and awarded 124,073 shares for allocating to treasury shares, thus making total allocation to treasury shares of 136,353 shares at the price of SAR 10 each.

14- SHARE PREMIUM

On 7/9/1442H (corresponding to April 19, 2021), the Company's shareholders resolved to increase the Company's share capital from SAR 1,000,000 to SAR 1,228,070 and issued 22,807 new shares with nominal value of SAR 10 per share. Total proceeds received amounted to SAR 12,999,990 with value of SAR 570 per share out of which SAR 228,070 was recorded as increase in share capital and the remaining balance of SAR 11,528,452 was recorded as share premium after deducting the related expenses of SAR 1,243,468. Value of SAR 570 per share was determined by the weighted average share calculated by Manafa Capital Company, licensed by the Capital Market Authority on July 16, 2018, through the Manafa Collective Equity Financing Platform for the capital increase. During the period ended June 30, 2024, entire balance of share premium was utilized to increase the share capital of the Company (refer note-10).

15- LOANS

15.1 Loan from Bank Al Bilad

On 12/7/1445H (corresponding to January 24, 2024), the Company renewed the agreement dated 28/7/2022G with Bank Al Bilad for long-term financing facility comprising term loans and letters of guarantee with a total value of 9,903,000 Saudi Riyals ("The Facility") whereby term loans are at the rates of 6.25% per annum plus SIBOR and 9.99% per annum through Small and Medium Enterprises General Authority ("Monshaat"). As of June 30, 2024, the outstanding balance of the loan from Bank Al Bilad amounts to SAR 753,808. The Facility provides term loans and letters of guarantee for a period of three years and is secured by a promissory note guaranteed by two shareholders in the amount of 7,800,000 Saudi Riyals, signed on behalf of the Company.

15.2 Loan from Lendo Company

On 12/11/1445H (corresponding to May 20, 2024), the Company renewed the financing agreement dated August 13, 2023 with Lendo Company to enhance the facility limit to 7,500,000 Saudi Riyals at a rate of 13% per annum with a promissory note guarantee of 7,950,000 Saudi Riyals signed by one of the shareholders of the Company. As of June 30, 2024, the outstanding balance of the loan from Lendo Company amounts to SAR 1,935,563.

16- ZAKAT

The Company submitted its zakat returns to the Zakat, Tax and Customs Authority for the years 2021 to 2023 (refer note-24) and paid the dues accordingly and obtained the required certificates. Zakat certificate related to zakat return submitted for the year 2023 is valid as of the date of issuance of these interim condensed financial statements. The Company paid additional zakat liability related to 2019 amounting of SAR 12,043. Zakat assessments have been finalized until 2019. No zakat assessments have been received for the years 2021 to 2023 (refer note-24).

17- REVENUE

17.1 Classification of revenue by segments

	Three-month period		Six-month period	
	June 30, 2024 (unaudited)	June 30, 2023 (unaudited & unreviewed)	June 30, 2024 (unaudited)	June 30, 2023 (unaudited & unreviewed)
Market research and consultation services	9,389,258	10,385,451	21,856,929	18,808,641
Data analytics services	2,803,339	1,453,324	5,867,948	3,800,871
	12,192,597	11,838,775	27,724,877	22,609,512

NOTES TO INTERIM CONDENSED FINANCIAL STATEMENTS (Continued)

FOR THE SIX-MONTH PERIOD ENDED JUNE 30, 2024

(All amounts are in Saudi Riyals unless otherwise stated)

17- REVENUE (Continued)

17.2 Timing of recognition of revenue

	<u>Three-month period</u>		<u>Six-month period</u>	
	June 30, 2024 (unaudited)	June 30, 2023 (unaudited and unreviewed)	June 30, 2024 (unaudited)	June 30, 2023 (unaudited and unreviewed)
Over time	12,192,597	11,838,775	27,724,877	22,609,512

17.3 Revenue by type of customers

	<u>Three-month period</u>		<u>Six-month period</u>	
	June 30, 2024 (unaudited)	June 30, 2023 (unaudited and unreviewed)	June 30, 2024 (unaudited)	June 30, 2023 (unaudited and unreviewed)
Government entities	11,800,542	10,621,990	26,367,410	21,082,312
Private entities	392,055	1,216,785	1,357,467	1,527,200
	12,192,597	11,838,775	27,724,877	22,609,512

17.4 Geographical source of revenue

All the revenue is earned in Kingdom of Saudi Arabia.

18- COST OF REVENUE

	<u>Three-month period</u>		<u>Six-month period</u>	
	June 30, 2024 (unaudited)	June 30, 2023 (unaudited and unreviewed)	June 30, 2024 (unaudited)	June 30, 2023 (unaudited and unreviewed)
Employee salaries and benefits	4,510,143	3,281,411	9,217,537	6,648,049
Data collection and surveys	1,661,945	2,456,177	4,236,227	4,418,318
Data consultancy	757,114	863,188	1,868,947	1,566,294
Research and consultancy	55,473	524,950	400,554	779,179
Other direct expenses	765,898	512,719	1,464,655	826,799
	7,750,573	7,638,445	17,187,920	14,238,639

19- EARNINGS PER SHARE

	Three-month period		Six-month period	
	June 30, 2024 (unaudited)	June 30, 2023 (unaudited and unreviewed)	June 30, 2024 (unaudited)	June 30, 2023 (unaudited and unreviewed)
Net profit for the period	1,171,784	1,906,936	3,190,918	3,413,476
Weighted average number of shares	1,392,279	1,500,000	1,441,821	1,500,000
Basic and diluted earnings per share from net profit for the period	0.84	1.27	2.21	2.28

The per share calculation for both basic and diluted Earnings Per Share ("EPS") reflects the retrospective adjustment for increase in number of shares resulting from increase in share capital (refer note-10). The calculation for weighted average number of ordinary shares for basic and diluted EPS has been adjusted for the effect of treasury shares (refer note-13).

Diluted Earnings Per Share ("EPS") is determined by adjusting the profit for the period and the weighted average number of ordinary shares outstanding during the period for the effects of all dilutive potential ordinary shares. Since the Company has no such dilutive potential ordinary shares, the calculation and presentation of basic and dilutive EPS of the Company will be same.

20- CASH FLOW INFORMATION

20.1 Non-cash investing and financing transactions

Disposal of right-of-use assets and lease liabilities (refer note-6).

Additional contribution from shareholders of SAR 1,363,530 (June 30, 2023: SAR Nil) by the shareholders in form of treasury shares (refer note-11).

20.2 Change in liabilities arising from financing activities

	As at January 1, 2024	Cash outflows	Others	As at June 30, 2024
June 30, 2024 (unaudited)				
Loans	1,289,013	(5,137,130)	6,537,488	2,689,371
Lease liabilities	8,997,659	(952,039)	293,931	8,339,551
June 30, 2023 (unaudited and unreviewed)	As at January 1, 2023	Cash outflows	Others	As at June 30, 2023
Loans	6,575,870	(7,397,646)	3,967,170	3,145,394

21- FAIR VALUE OF FINANCIAL INSTRUMENTS

As at the period and year end, the Company does not have any financial instruments measured at fair value categorised within the fair value hierarchy based on the lowest level of input (Level 1, Level 2 or Level 3).

The carrying values of the financial instruments reported in the interim condensed financial statements approximate their fair values.

There was no change in the risk management policies related to financial instruments during the period as compared to those followed by the management during last annual audited financial statements.

22- CONTINGENCIES AND COMMITMENTS

The Company has contingent liabilities arising from outstanding letters of guarantee amounting to SAR 1,077,390 as of June 30, 2024 (December, 31 2023: SAR 746,103). There were no capital commitments.

23- DIVIDENDS

On 24/9/1445H (corresponding to April 3, 2024), the Company's Board of Directors recommended distribution of dividend amounting to SAR 4,000,000 to the General Assembly for approval. On 06/10/1445H (corresponding to April 15, 2024), the General Assembly approved the distribution of the aforementioned dividend. The Company has not yet paid the dividend as of the date of issuance of these interim condensed financial statements.

24- SUBSEQUENT EVENTS

Subsequent to period ended June 30, 2024 and before the date of issuance of these interim condensed financial statements, the Company received final zakat assessment for the year 2020 with no additional zakat liability.

On 9/2/1446H (corresponding to August 13, 2024), the Company renewed the agreement with Lendo Company for short-term financing facility with a total value of SAR 7,500,000 ("The Facility") at rate of 12% per annum. The Facility is subject to financing the accounts receivable of the Company upto 80% of the approved invoice. The Facility is secured by a promissory note guaranteed by one of the shareholders in the amount of SAR 7,950,000, signed on behalf of the Company. The Facility shall expire on August 25, 2025.

On 15/2/1446H (corresponding to August 19, 2024), the Company signed an agreement which was dated 7/9/1445H (corresponding to March 17, 2024) with Riyadh Bank for project financing and letters of guarantee facilities with a total value of SAR 4,500,000 ("The Facility") with project financing at a rate of 6% plus SIBOR per annum. The Facility covers a period of three years and is secured by a promissory note guaranteed by two shareholders in the amount of SAR 4,600,000, signed on behalf of the Company. The Facility shall expire on March 17, 2027.

Based on request submitted by the Company ("the Issuer") through its financial advisors to list the Company with a share capital of SAR 16,875,000 on Nomu through an IPO, on 21/2/1446H (corresponding to 25/8/2024G), Saudi Tadawul Group approved the application for listing on a conditional basis subject to the Issuer obtaining the relevant authority's approval for registration and offer under the applicable rules and regulations and meeting the liquidity requirements (refer note-1).

According to management's assessment, there have been no other events transpiring between the reporting date and the date of approval of these financial statements that are anticipated to exert a substantial impact on the aforementioned financial statements.

25- APPROVAL OF THE INTERIM CONDENSED FINANCIAL STATEMENTS

These interim condensed financial statements have been approved for issuance by the Company's Board of Directors on Safar 30, 1446H (corresponding to September 3, 2024).