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## 1. Definitions and terms

Term	Definitions
Company / Source	KnowldegeNet computer company - a closed Saudi joint stock company.
Subsidiaries	<ol style="list-style-type: none"> <li>1) Knowledge Network Real Estate Company Limited, which is a one-person company with limited liability owned by 50% of KnowldegeNet computer company, established under Commercial Registration No. (1010662356) on 03/03/1442 AH corresponding to 10/20/2020 AD. Its main center is in Riyadh.</li> <li>2) KnowldegeNet computer company, which is a one-person company with limited liability wholly owned by KnowldegeNet computer company, was established under Commercial Registration No. (101068518) on 01/06/1442H (corresponding to 14/01/2021) and its head office is located in the city of Riyadh.</li> <li>3) Soft More Company, a free zone company - with limited liability, was established under Commercial License No. (5023972) dated 10/10/1441 AH (corresponding to 21/5/2021) and Commercial Registration No. (0000004033092) from the Government of Ras Al Khaimah in the United Arab Emirates.</li> <li>4) Property Net Company is a limited liability company, established under Commercial License No. 5005444) dated 09/12/1431 AH corresponding to 10/22/2010 and Commercial Registration No. (000004004858) from the Government of Ras Al Khaimah in the United Arab Emirates</li> <li>5) Technical Solutions Company for Financial Technology is a limited liability company established under Commercial Registration No. (1010821620) dated 01/26/1444 AH with a capital of one million (1,000.000) riyals, and its main office is located in Riyadh and does not own No branches.</li> </ol>
associate companies	<ol style="list-style-type: none"> <li>1) Vi Central Holding Company Limited is a private company limited by shares, established under commercial license No. (000003698) on 09/13/1441H (corresponding to 05/05/2020) from the Abu Dhabi Global Market in the United Arab Emirates.</li> <li>2) Daftar Information Technology Company is a limited liability company, established under Commercial Registration No. (1010689683) on 11/07/1442 AH (corresponding to 03/22/2021) and its main office is located in Riyadh.</li> </ol>
sister companies	Water Business Company Limited, a limited liability company established under Commercial Registration No. (1010405098) on 04/18/1435 AH corresponding to 02/18/2014 AD. Its main headquarters is in Riyadh, and it is a partner in a company in Central Limited Holdings by (40%) in which owns (45%) percent
management, senior management, or executive management, KnowldegeNet computer company management.	Management of the KnowldegeNet computer company
board or board of directors	The Board of Directors of the company whose names appear on page No. (C) of this Prospectus.
Primary law	Policy of the company.
Ministry of Commerce	Ministry of Commerce Ministry of Commerce and Investment (formerly in the Kingdom of Saudi Arabia.
The proposal	

	The first offering of seven hundred thousand (700,000) ordinary shares of the company's shares representing 20% of the company's capital for the purpose of listing in the parallel market.
<b>Offering shares</b>	Seven hundred thousand (700,000) ordinary shares of the company.
<b>Offering price</b>	** (*) Saudi riyals per share.
<b>Share</b>	An ordinary share with a nominal value of (10) Saudi riyals from KnowledgeNet computer company shares.
<b>face value</b>	Ten (10) Saudi riyals per share.
<b>Selling Shareholders</b>	The company's shareholders whose names appear on page No. (M) of this Prospectus.
<b>Shares of existing shareholders prior to offering</b>	100% of the total shares of the company's capital, amounting to three million five hundred thousand (3,500,000) ordinary shares of equal value.
<b>Shareholders' shares after the offering</b>	80% of the total shares of the company's capital, amounting to two million eight hundred thousand (2,800,000) ordinary shares of equal value.
<b>Subscription request</b>	The subscription application that qualified investors must submit to the receiving entities when they wish to subscribe.
<b>Subscriber</b>	Every qualified investor submits an application for subscription in accordance with the subscription terms and conditions.
<b>investor the person</b>	Each person invests in the Offer Shares. natural or legal person.
<b>prospectus or newsletter</b>	This prospectus, prepared by the company, is the document required for offering the company's shares for subscription and registering them with the Authority for the purpose of listing them in the Parallel Market in accordance with the rules for offering securities and continuing obligations.
<b>major shareholders</b>	The company's shareholders who own 0% or more of the company's shares and whose names appear on page (n) of this Prospectus.
<b>Offering proceeds</b>	The total value of the subscribed shares amounting to twenty-five million nine hundred thousand (25,900,000) Saudi riyals.
<b>The net proceeds of the offering</b>	The net proceeds of the offering after deducting the offering expenses.
<b>Ministry of Human Resources and Social Development</b>	Ministry of Human Resources and Social Development (formerly Ministry of Labor and Social Development) in the Kingdom of Saudi Arabia.
<b>offering period</b>	It starts on Sunday, 06/08/1444 AH (corresponding to 26/02/2023 AD) and continues until Thursday, 10/08/1444 AH (corresponding to 02/03/2023 AD).
<b>Closing date</b>	It is the end date of the offering period, which ends on Thursday 10/08/1444H (corresponding to 02/03/2023).
<b>shareholder or shareholders</b>	The holder or shareholders of the company at any time.
<b>Saudization</b>	Labor regulations in the Kingdom of Saudi Arabia that require companies operating in the Kingdom to employ a certain percentage of Saudis.
<b>a work day</b>	Any business day except for Friday and Saturday, and any day that is an official holiday in the Kingdom of Saudi Arabia, or any day when banking institutions close their doors for work in accordance with the applicable regulations and other government procedures.
<b>working system</b>	The Saudi Labor Law issued by Royal Decree No. M/51 dated 08/23/1436 AH (corresponding to 09/27/2005 CE).
<b>Financial Statements</b>	The company's audited financial statements for the fiscal year ending on December 31 of the year 2021 AD, and the reviewed financial statements for the financial period ending on June 30, 2022 AD, and the clarifications attached to them, which were prepared in accordance with international accounting standards

	approved by the Saudi Organization for Certified Public Accountants (IFRS).
Hijri	Hijri calendar.
Gregorian	Gregorian calendar.
Rules for Offering Securities and Continuing Obligations	Rules for Offering Securities and Continuing Obligations issued by the Board of the Capital Market Authority pursuant to Resolution No. 13 of 2017 dated 9/4/1439 AH corresponding to 12/27/2017 AD based on the Capital Market Law issued by Royal Decree No. M/30 dated 2/6/1434 AH Amended by Capital Market Authority Board Decision No. 1-94-2022 dated 24/11/1444H corresponding to 22/22/8AD.
Listing rules	The Listing Rules issued by the Saudi Tadawul Company approved by the Capital Market Authority Board Decision No. (1333-2017) dated (9/4/1439 H) corresponding to (12/27/2017 AD) and amended by its Decision No. (1-14-2019) dated (1441). 1/2 AH) corresponding to (2/30/9/19 A.D.) and amended by virtue of His Resolution No. (21-221) dated 12/7/1442 AH) corresponding to (2021/2/24 A.D.) and amended by virtue of His Resolution No. (19-1- 222) dated (07/12/1443 AH) corresponding to (02/13/2.22 AD) and amended by Resolution No. (2.22-52-1) dated 09/1443/12 AH corresponding to 04/13/2022 AD)
listing	Listing the company's shares in the list of companies listed in the parallel market and approving the trading of its shares.
advisors	The company's advisors whose names are shown on page (d), (e).
financial consultant	Amwal Financial Company.
Underwriting manager	Osool and Bakheet Investment Company.
board or board of directors	The Company Board of Directors.
Capital Market Authority or Authority	Capital Market Authority in the Kingdom of Saudi Arabia.
Parallel Financial Market (Nomu)	The market in which the shares that have been registered and accepted for listing are traded under the "Rules on the Offer of Securities and Continuing Obligations" and the "Listing Rules".
trade	Automated system for trading Saudi stocks.
Saudi Central Bank	The Central Bank of Saudi Arabia (formerly the Saudi Arabian Monetary Agency).
General Assembly	The general assembly of the shareholders of the company.
Ordinary General Assembly	The Ordinary General Assembly of the shareholders of the company.
The Extraordinary General Assembly	The extraordinary general assembly of the company's shareholders.
Voting rights	Voting rights in the general assemblies of the company, and the company has only one category of shares, and no shareholder has any preferential voting rights. the company's board of directors or its employees; To act on his behalf in attending the meetings of the General Assembly and voting on its decisions.
the government	Government of the Kingdom of Saudi Arabia.
Categories of qualified investors	<p><b>Qualified investors are any of the persons listed below:</b></p> <ol style="list-style-type: none"> <li>1) Financial market institutions acting for their own account.</li> <li>2) Clients of a financial market institution licensed to practice management business, provided that the financial market institution has set conditions that enable it to take decisions regarding accepting participation in the offering and investing in the parallel financial market (Nomu) on behalf of the client without the need to obtain his prior approval.</li> </ol>

	<ol style="list-style-type: none"> <li>3) The government of the Kingdom, or any government agency, or any international body recognized by the Authority, or the market, or any other financial market recognized by the Authority, or the depository center.</li> <li>4) Government-owned companies, directly or through a portfolio managed by a financial market institution authorized to carry out management business.</li> <li>5) Companies and funds established in the countries of the Cooperation Council for the Arab States of the Gulf.</li> <li>6) investment funds.</li> <li>7) Non-resident foreigners who are allowed to invest in the parallel financial market (Nomu) and who meet the requirements stipulated in the guideline for investing non-resident foreigners in the parallel financial market (Nomu).</li> <li>8) Qualified foreign financial institutions.</li> <li>9) Any other legal persons who may open an investment account in the Kingdom and an account with the Depository Center.</li> <li>10) Natural persons who may open an investment account in the Kingdom and an account with the Depository Center and who meet any of the following criteria: <ol style="list-style-type: none"> <li>A. That he has made transactions in the stock markets, the total value of which is not less than forty million Saudi riyals, and not less than ten transactions in each quarter during the past twelve months</li> <li>B. The value of his net assets should not be less than five million Saudi riyals.</li> <li>C. Work or have worked for at least three years in the financial sector.</li> <li>D. To have obtained the General Certificate of Dealing in Securities approved by the Authority</li> <li>E. To have a professional certificate specialized in the field of securities business accredited by an internationally recognized body.</li> </ol> </li> <li>11) Any other persons specified by the Authority.</li> </ol>
<p><b>Non-resident foreigners allowed to invest in the parallel financial market (Nomu)</b></p>	<ol style="list-style-type: none"> <li>1) A qualified foreign investor in accordance with the rules governing the investment of qualified foreign financial institutions in listed securities.</li> <li>2) An ultimate beneficiary in a swap agreement with an authorized person.</li> <li>3) A legal person who may open an investment account in the Kingdom and an account with the Depository Center, provided that it is licensed or incorporated in a country that applies regulatory and monitoring standards similar to those applied by the Authority or acceptable to it according to the list of countries issued by the Authority in accordance with the requirements of subparagraphs (2) and (3) of Paragraph (a) of Article Six of the rules regulating the investment of qualified foreign financial institutions in listed securities.</li> <li>4) A natural person holding the nationality of a country that applies regulatory and monitoring standards similar to those applied by the Authority or acceptable to it according to the list of countries issued by the Authority in accordance with the requirements of subparagraphs (2) and (3) of Paragraph (a) of Article Six of the rules regulating the investment of financial institutions A qualified foreigner in the listed securities, and is a resident of one of these countries, and meets any of the following criteria: <ol style="list-style-type: none"> <li>A. That he has made transactions in the securities markets, the total value of which is not less than forty million Saudi riyals, and not less than ten transactions in each quarter during the past twelve months.</li> <li>B. The value of his net assets should not be less than five million Saudi riyals.</li> </ol> </li> </ol>

	<p>C. Work or have worked for at least three years in the financial sector.</p> <p>D. To have obtained the working certificate for dealing in securities approved by the Authority.</p> <p>E. To have a professional certificate specialized in the field of securities business approved by an internationally recognized body.</p>
<b>related parties</b>	<p>They mean:</p> <p>A. Follow the company</p> <p>B. major shareholders of the company</p> <p>C. Board members and senior executives of the company</p> <p>D. Board members and senior executives of the company's affiliates</p> <p>E. Board members and senior executives of the company's major shareholders</p> <p>F. Any relatives of the persons referred to in (4, 3, 2, 1 or 5) above.</p> <p>G. Any company controlled by any person referred to in (605/4/3/201) above.</p>
<b>embargo period</b>	The major shareholders mentioned on page (n) of this Prospectus are prohibited from disposing of their shares for a period of twelve (12) months from the date of commencement of trading of the company's shares in the parallel financial market (Nomu), and they may dispose of their shares after the end of this period without obtaining approval advance body.
<b>A company's stockholders for any specified period of time.</b>	shareholder or shareholders.
<b>investor</b>	Every person who invests in shares subject to direct listing after listing them in the Parallel Financial Market (Nomu).
<b>risk factors</b>	It is a set of potential influences that must be known and hedged before making the decision to invest in the shares subject to registration and listing.
<b>International Accounting Standards for Financial Reporting (IFRS)</b>	A set of accounting standards and their interpretations issued by the International Accounting Standards Board. International Financial Reporting Standards
<b>Saudi Organization for Auditors and Accountants (SOCPA)</b>	The Saudi Organization for Auditors and Accountants in the Kingdom of Saudi Arabia. Formerly the Saudi Organization for Certified Public Accountants
<b>fiscal year/fiscal years</b>	It is the period of time for displaying the results of the activity of the establishment, the beginning and end of which are specified in the Memorandum of Association or Articles of Association of the concerned company. Note that the company's fiscal year ends on December 31 of each year.
<b>Corporate Governance Regulations</b>	Corporate Governance Regulations issued by the Authority's Board pursuant to Resolution No. 8-16-2017 dated 16/05/1438H corresponding to 13/02/2017G) and amended by CMA Board Resolution No. 1-07-2021 dated 01/06/1442H (corresponding to 2 01/21/14 PM).
<b>Saudization program domains</b>	The Saudization program (Nitaqat) was approved by Minister of Labor Resolution No. 4040 dated 12/10/1432H (corresponding to 10/09/2011G) based on Cabinet Resolution No. 50 dated 04/21/1415H (corresponding to 09/27/1994G). The Ministry of Human Resources and Social Development (formerly the Ministry of Labor and Social Development) in the Kingdom launched a Nitaqat program to provide incentives for organizations to hire Saudi nationals. This program evaluates the performance of any organization on the basis of specific bands,

	namely Platinum, Green and Red.
<b>The Zakat, Tax and Customs Authority</b>	The Zakat, Tax and Customs Authority (formerly the General Authority for Zakat and Income) is one of the government agencies that are organizationally linked to the Minister of Finance, and it is the body entrusted with the work of collecting zakat and tax collection. On 22/09/1442 AH (corresponding to 21/05/04 AD), the Council of Ministers approved the merger of the General Authority for Zakat and Income and the General Authority for Customs, into one body under the name “The Zakat, Tax and Customs Authority.”
<b>riyal</b>	Saudi riyal - the official currency of the Kingdom of Saudi Arabia.
<b>dollar</b>	US dollar - the official currency of the United States of America.
<b>dirham</b>	Emirati dirham - the official currency of the United Arab Emirates.
<b>Vision 2030</b>	The national strategic economic program, which aims to reduce dependence on oil and the petrochemical industry, diversify the Saudi economy and develop public services.
<b>Kingdom or Saudi Arabia</b>	Kingdom of Saudi Arabia
<b>Value Added Tax (VAT)</b>	The Council of Ministers decided on 02/143705 AH. Corresponding to 01/01/2017 AD) Approval of the Unified Value Added Tax Agreement for the Cooperation Council for the Arab States of the Gulf, which came into force as of January 1, 2018 AD, as a new tax to be added to the system of taxes and other fees that must be implemented by specific sectors in the Kingdom and in other countries. Cooperation Council for the Arab Gulf States. The amount of this tax is (5%), and the Kingdom’s government has decided to increase the value-added tax rate from (0) to (15), starting from July 2020. A number of products have been excluded from it (basic food and services related to health care and education). ).
<b>Bank account</b>	The subscription manager will open a bank account to receive the subscription amounts, and after the end of the offering process, they will be transferred to the accounts of the selling shareholders after deducting the offering expenses.

## **2. Risk Factors**

Investing in the shares offered under this Prospectus involves high risks, and investing in them may not be appropriate except for investors who are able to evaluate the advantages and risks of this investment and bear any loss that may result from it.

Anyone wishing to invest in shares that will be listed and will be traded in the parallel market must carefully study all the information contained in this prospectus, including the risk factors shown below, before making an investment decision, noting that the risks described below may not include all the risks that you may face. The company, and it is even possible that there are additional factors that are not known to the company at the present time and that would affect its operations.

The company's activity, financial conditions, future prospects, results of operations and cash flows may be materially negatively affected if any of the risks included in this section occur or materialize, and which the company's management currently considers to be substantial, in addition to any other risks not identified by the Board of Directors or currently classified as immaterial, but may actually occur and become material.

In the event of the occurrence or realization of a risk factor that the company's management believes at the present time to be material, or the occurrence of any other risks that the company's management has not been able to identify, or which it considers at the present time to be immaterial, this may lead to a decrease in the price of shares in the market and weaken The company's ability to distribute dividends to shareholders, and the investor may lose all or part of his investment in the company's shares.

The members of the Board of Directors of the Company acknowledge that, to the best of their knowledge and belief, there are no other material risks as of the date of this Prospectus other than those mentioned in this section that could affect investors' decisions to invest in shares that will be listed in the Parallel Market. The risks and uncertainties described below are presented or in an order that does not reflect their significance, and additional risks and uncertainties, including those not currently known that are considered immaterial, may have the effects described above.

### **2-1 Risks related to the company's activity (the source) and its operations**

#### **2-1-1- Risks related to the inability to implement the strategy**

The company's future performance depends on its ability and success in implementing its business plan and implementing the company's targeted growth strategy and its subsidiaries or targeted future investments. obtaining the necessary licenses or otherwise, as this will negatively and materially affect its future performance, and then the results of its operations and its financial position. The company's ability to increase its revenues and improve its profitability depends on the effective implementation of its business plans and the achievement of its strategy by expanding its investments. The company's ability to expand its business in the future depends on its ability to continue to implement and improve the performance of its investments efficiently and in a timely manner. In addition, any business expansion plans that the company intends to carry out in the future will be subject to the estimated costs and the implementation schedule set for them, and the company may need to obtain additional financing to implement any expansion plans in its current or future investments, and if it is unable to implement the plans Expansion according to the schedule specified for it and according to the estimated costs of investment, or in the event of not achieving the desired profitability from these investments, which may be due to various reasons, including a change in the market situation and the time of implementation, or in the event of a defect in the feasibility study or evaluation of these investments, this will have an impact Negative and material on the company's business results, financial position and future prospects.

#### **2-1-2 Risks related to not obtaining the necessary licenses, permits and certificates and not renewing them**

The company is subject to many regulations and laws that require it to obtain a number of licenses and permits necessary to carry out its activities, by the competent regulatory authorities in the Kingdom. The company currently operates under a number of licenses, certificates and permits related to its activities, including but not limited to: the company's commercial registration certificates from the Ministry of Commerce, licenses from the Ministry of Information, Chamber of Commerce membership certificates, municipal licenses, civil defense permits, Saudization, zakat and social insurance certificates, These licenses should remain in effect continuously through the company's commitment to the regulations and laws related to these licenses, and in the event that the company fails to do so, it may not be able to renew existing licenses or obtain new ones that it may need to avoid the resulting suspension or failure of the company's business Thus, it will have a negative and material impact on the company's business results, financial position and future prospects.

### 2-1-3 Risks related to non-compliance with the Companies Law and the Company's Articles of Association

The Companies Law issued by Royal Decree No. (M/3) dated (01/28/1437 H) corresponding to (11/10/2015 AD) and amended by Royal Decree No. (M79) dated (07/25/1439 H) corresponding to 11/04/2018 AD 11m) Some of the statutory requirements that the company must comply with, and the current corporate law imposes stricter penalties for violating its mandatory provisions and rules, as fines for violating any of its provisions reach five hundred thousand (500,000) Saudi riyals, Therefore, if the company is subjected to one of these penalties as a result of its non-compliance with these provisions, or if it does not comply with the provisions of the company's articles of association, this will have a negative and material impact on the company's business results, financial position and future prospects. There is also no guarantee that any violation that the Authority and the Ministry may impose in the future is related to violations and errors that will occur in the future, as it is possible for the Ministry to impose violations after the end of listing the company in the parallel financial market (Nomu) as a result of mistakes that occurred in the past, noting that there are no Existing violations or fines imposed against the company that have not been settled.

### 2-1-4- Risks associated with transactions with related parties

The company has transactions that took place during the year with related parties, and the approval of the General Assembly was obtained for all these transactions. In the event that any party breaches its obligations with the company, or if the company is unable to carry out its obligations to deal with related parties for any reason whatsoever, this will have a negative and material impact on the company's business results, financial position and future prospects. The following are the details of transactions with the relevant authorities that took place during the year 2020 - and the period ending on December 31, 2021 AD, and as for the period ending on June 30, 2022 AD:

#### First: Transactions with related parties that took place during the year

The following table shows the transactions with related parties that took place during the year:

**Table No. (1): Transactions with related parties that took place during the year**

SR

the relevant party	nature of relationship	relationship	related item	As on December 31, 2020	The percentage of the total expenses	proportional representation	As on December 31, 2021	percentage of the related item	proportional representation	As on December 31, 2022	percentage of the related item	proportional representation
V Central Holdings Limited Company	Expenses paid on behalf	associate company	Total expenses	-	-	-	377,385	%3,04	% 100,00	535,948	%2,63	% 35,89

water Business Co., Ltd	Expenses paid on behalf	sister company	Total expenses	298,444	%2,41	% 83,60	-	-	-	-	-	-
Amwal Financial Brokerage Company	Selling investments	A subsidiary of an associate company	Total non-current assets	-	-	-	-	-	-	1,000,000	%4,90	% 65,11
Mr. Khaled Al-Mousa	withdrawals	a partner	Total expenses	29,271	%0,24	%8,20	-	-	-	-	-	-
Mr. Abdul Rahman Al-Mousa	withdrawals	a partner	Total expenses	29,270	%0,24	%8,20	-	-	-	-	-	-
<b>Total</b>				<b>356,985</b>	<b>%2.88</b>	<b>% 100.00</b>	<b>377,385</b>	<b>%3.04</b>	<b>% 100.00</b>	<b>1,535,948</b>	<b>%7.53</b>	<b>% 100.00</b>

**Source: Company information and the company's audited financial statements for the fiscal year ending on December 31, 2021 G, and the audited financial statements for the period ending on June 30, 2022.**

**Referred to in the financial statements as Fiscal Holdings Ltd**

### **Second: Due from related parties**

The following table shows due from related parties:

**Table No. (2) due from related parties**

the relevant party	nature of relationship	relationship	related item	As on December 31, 2020	proportional representation	percentage of the related item	As on December 31, 2021	proportional representation	percentage of the related item	As on December 31, 2022	proportional representation	percentage of the related item
Daftar Financial Technology Company	Revenues	associate company	Total revenue	-	-	-	38,800	% 100,00	%0,08	38,800	% 10,04	%0,13
water Business Co., Ltd	Expenses paid on behalf	sister company	Total expenses	298,444	% 100,00	%0,24	-	-	-	-	-	-
Amwal Financial Brokerage Company	Selling investments	A subsidiary of an associate company	Total non-current assets	-	-	-	-	-	-	347,707	% 89,96	%1,15
<b>Total</b>				<b>298,444</b>	<b>% 100.00</b>	<b>%0.24</b>	<b>38,800</b>	<b>% 100.00</b>	<b>%0.08</b>	<b>386,507</b>	<b>% 100.00</b>	<b>%1.3</b>

Source: Company information and the company's audited financial statements for the fiscal year ending on December 31, 2021G, and the audited financial statements for the period ending on June 30, 2022G.

### Third: Due to related parties

The following table shows due to related parties:

**Table No. (3) Due to related parties**

the relevant party	nature of relationship	relationship	related item	As on December 31, 2020	percentage of the related item	proportional representation	As on December 31, 2021	percentage of the related item	proportional representation	As on December 31, 2022	percentage of the related item	proportional representation
Khaled Al-Mousa	withdrawals	a partner	Total expenses	29,271	%0,24	% 50,00	-	-	-	-	-	-
Abdul Rahman Al-Yahia	withdrawals	a partner	Total expenses	29,270	%0,24	% 50,00	-	-	-	-	-	-
<b>Total</b>				<b>58,541</b>	<b>%0.47</b>	<b>% 100.00</b>	-	-	-	-	-	-

Source: Company information and the company's audited financial statements for the fiscal year ending on December 31, 2021G, and the audited financial statements for the period ending on June 30, 2022.

On 21/11/1443 AH corresponding to 06/20/2022 AD, the approval of the General Assembly of the company was obtained on all transactions that took place with related parties for the fiscal year ending on December 31 2020 and the year ending on December 31, 2021 as shown in the above tables.

On 04/27/1444 AH corresponding to 11/21/2022 AD, the approval of the General Assembly of the company was obtained for all transactions that took place with related parties for the period ending on June 30, 2022 AD, as shown in the above tables.

All dealings with related parties must be subject to the approval of the Board of Directors and the ordinary general assembly of the company. In the event that there are any dealings with related parties in the future, they will be presented to the nearest general assembly, and in the event that the general assembly of the company does not approve these transactions, the company will have to search for other parties non-related persons to deal with them on the implementation of the work assigned to related parties

#### 2-1-5 Risks related to lack of experience in managing listed companies

Developing and implementing internal controls and procedures related to operating as a public shareholding company is one of the basic requirements for joint stock companies. Therefore, the company must adhere to the requirements of disclosure and preparation of various reports as required by the law and regulations issued by the competent official authorities. In the event that the senior management does not comply with these requirements and rules, it will have a negative and material impact on the company's business results, financial position and future prospects. Any mistake or failure to apply the requirements of the regulatory authorities to the joint-stock company will negatively affect the company's operational activities or incur financial penalties that negatively affect the company's financial results.

#### 2-1-6 Risks related to relying on key employees

The company relies on the capabilities and expertise of its executives and other key employees. However, it may not be able to guarantee the retention of current employees or the recruitment of new employees, as it may be difficult for the company to attract, employ or retain individuals with experience, which could lead to the loss of key employees or failure to renew, hire and retain other experienced employees in the future, and

therefore this will have an impact Negative and material on the company's business results, financial position and future prospects.

#### **2-1-7 Risks related to management decisions**

The company's business results depend mainly on the ability of its management to take correct and appropriate decisions regarding its business, investments and activities in a timely manner. In the event that the company's management takes wrong decisions regarding its business, this will have a negative and material impact on the company's business results, financial position and future prospects.

#### **8-1-2 Risks related to employee behavior and mistakes**

The occurrence of errors by the company's employees, such as conducting irregular actions and activities or employee misconduct. The employee's misconduct can lead to a violation of regulations by the company and to regulatory penalties, financial claims and / or serious damage to the company's reputation. For example: Misuse or disclosure of confidential information Concealing unauthorized or unsuccessful activities Recommending inappropriate products and/or services Engaging in misrepresentation, fraudulent, deceptive, or other inappropriate activities while marketing or selling Company's products and/or services to customers. The failure of the preventive measures taken to prevent and detect these activities will have a negative and material impact on the company's business results, financial position and future prospects.

#### **9-1-2 Risks related to lawsuits and fines**

The company does not have any lawsuits, lawsuits, claims, or any ongoing investigation due to it until the date of this prospectus, except that by virtue of the nature of its work and the nature of its dealings with others, the company is exposed to lawsuits and complaints, and it cannot accurately predict the size of the cost of lawsuits or judicial procedures that can be To evaluate or file against it or the final results of those claims or judgments issued in it and the compensation and penalties they contain. These claims may include, for example, but not limited to: Zakat and tax issues, the work system and other damages that result from negligence or fraud by persons or institutions. In the event that lawsuits were filed and resulted in any fines for the previous years before the offering, the shareholders of the company before the offering will bear these claims, and the new shareholders will not bear any amounts arising from the previous years before the offering. Following the offering, this will have a negative and material impact on the company's business results, financial position and future prospects.

#### **2-1-10 Risks related to non-compliance with the Capital Market Law and its implementing regulations**

After its listing in the parallel financial market (Nomu), the company will be subject to the financial market system and the regulations, regulations and circulars issued by the Capital Market Authority. on the company's business results, financial position and future prospects.

#### **11-1-2 Risks related to non-compliance with Saudization requirements**

Governmental directives are issued continuously to change the minimum rates of Saudization, which requires establishments, companies and institutions operating in the Kingdom of Saudi Arabia to employ a specific number of Saudi citizens. High green, and establishments must adhere to the minimum level of Saudization, and Saudization constitutes a continuous national commitment for the company. The current or future Saudization required by the concerned authorities will subject the company to penalties by the Ministry of Human Resources and Social Development, including suspension or reduction of work visa applications, stopping the transfer of sponsorships for non-Saudi workers, or preventing them from obtaining government loans, and as a result, this will have a negative and material impact on the results The company's business, financial position and future prospects The scope of the company and the percentage of Saudization will be subject to fluctuations in the number of employees under our program Ajeer is blocked as a result of any changes in the systems of the Ajeer program, which would negatively and materially affect the company's business results, financial position and future prospects.

### **12-1-2 Risks related to the impact of value-added tax**

On Jumada Al-Awwal 2, 1438 AH, the Council of Ministers decided to approve the unified value-added tax agreement for the countries of the Cooperation Council for the Arab States of the Gulf, which came into effect on January 1, 2018 AD as a new tax to be added to the system of taxes and other fees that must be implemented by specific sectors in the Kingdom, including the sector in which the company operates, and the value-added tax rate was 5% when it was applied, and this rate has been raised to 15% as of July 1, 2020 AD by the Zakat, Tax and Customs Authority, and this percentage change can be raised in the future. And since the tax is charged to the consumer, it is expected that the cost and prices of the company's products will be affected to reflect the value added tax, which would lead to an increase in the cost of the products offered by the company to its customers, and the company may not be able to increase the price of its products to reflect the full value of the value added tax, which would be It has a negative and material impact on the company's business results, financial position and future prospects.

The company is committed to the value-added tax system and is registered under the number 300048583200003) and dated 04/14/1439H (corresponding to 01/01/2018G).

### **13-1-2 Risks related to the availability of financing in the future**

The company may need to obtain loans and bank facilities to finance its business expansion plans in the future. Therefore, the company's inability to obtain the financing it needs from financing agencies or financing with acceptable preferential terms commensurate with the company. This will have a negative and material impact on the results of the company's business, its financial position and its future prospects . It is worth noting that obtaining financing depends on the company's capital, financial position, cash flows and guarantees provided, and the company's inability to obtain appropriate financing if needed will negatively and substantially affect the results of the company's business, financial position and future expectations.

### **14-1-2 Risks related to credit**

Credit risks arise when one of the parties is unable to fulfill its financial obligation to the other party, and the company may face credit risks in several temporary or permanent cases, including, for example, the existence of unpaid debit balances from customers or the failure of other debtors to fulfill their obligations towards the company or others. In the event that the debtors fail to pay the company's dues on time or are not committed at all to pay in part or in full, this will have a negative and material impact on the company's business results, financial position and future prospects. The indebtedness ratio of the six largest customers of the company amounted to (78) of the existing trade receivables. The estimated fair values of trade receivables represent the discounted value of the estimated future cash flows expected to be received, which approximates their book value. The balance of receivables in the fiscal year ending on December 31, 2020 was six million sixty-four thousand five hundred and ninety-three (60.640593) Saudi riyals, while the balance of receivables amounted to The debtor in the fiscal year ending on December 31, 2021 AD, four million seven hundred and forty-two thousand, seven hundred and twelve (407420713) Saudi riyals, while the balance of receivables in the period ending on June 30, 2022 AD amounted to four million seven hundred and forty-two thousand seven hundred and twelve (4,742.712 Saudi riyals, representing 8.9.21% of the company's total assets in 2020 AD, 2021 AD, and the period ending on June 30, 2022 AD, respectively. The following are the details of the reconstruction of receivables:

### **Table No. (4): Ages of receivables (commercial receivables)**

Debt age table	As of December 31, 2020 AD		As on December 31, 2021 AD		As of June 30, 2022 AD	
	Value (SAR)	The ratio %	Value (SAR)	The ratio %	Value (SAR)	The ratio %
From 0 to 30 days	2,592,768	%43	2,769,186	%58	3,050,482	65%
From 31 to 60 days	1,308,869	%22	1,183,405	%25	788,223	17%
From 61 to 90 days	155,250	%3	25,861	%1	279,196	6%
From 91 to 120 days	1,310,109	%21	0	%0	239,203	5%
More than 121 Days	597,596	%11	764,260	%16	365,534	8%
<b>Total</b>	<b>6,064,593</b>	<b>%100</b>	<b>4,742,712</b>	<b>%100</b>	<b>4,722,638</b>	<b>%100</b>

Source: company information

### 15-1-2 Risks related to potential liabilities

Any potential liabilities on the company such as costs related to zakat, taxes, lawsuits and other obligations or costs related to the company's activity and investments, if realized, will negatively and materially affect the company's business results, financial position and future prospects.

### 16-1-2 Risks related to dependence on non-Saudi employees

The percentage of non-Saudi employees constitutes (57.89%) of the total number of employees in the company, which is fifty-seven (57) employees, as of the date of this prospectus. Therefore, the company's business results, financial position, and operational results will be negatively affected if it is unable to maintain qualified cadres of non-Saudis or finding replacements for them with the same required skills and experience, especially in the occurrence of changes in the policies, regulations and systems of the Ministry of Human Resources and Social Development, which will have an impact on the foreign workers in the company.

During the year 2016, the government approved a number of decisions aimed at carrying out comprehensive reforms to the labor market in the Kingdom of Saudi Arabia, including the imposition of additional fees for each non-Saudi employee working for a Saudi entity as of 01/01/2018, in addition to an increase in residence fees. For family members of non-Saudi employees, as of 01/07/2017. Accordingly, these decisions will lead to an increase in government fees that the company will pay for its non-Saudi employees in general on the one hand, and it will face difficulty in retaining qualified non-Saudi employees on the other hand, which will negatively affect the company's performance and profitability.

Likewise, the Ministry of Human Resources and Social Development launched on 03/18/1442 AH (corresponding to 11/14/2020) an initiative to improve the contractual relationship for all expatriate workers in private sector establishments, which entered into force on 08/01/1442 AH (corresponding to 2021/ 03/14 AD) This initiative allows the worker to move to another job at the end of his work contract without the need for the employer's approval, and therefore the company will face difficulty in maintaining qualified non-Saudi cadres, which will have a negative and material impact on the company's business results, financial position and expectations. future.

### 17-1-2 Risks related to changes in important accounting standards and new standards

The company's financial statements were prepared for the fiscal year ending on December 31, 2021 AD, and the financial statements examined for the period June 30, 2022 AD, in accordance with International Financial Reporting Standards (IFRS) approved in the Kingdom of Saudi Arabia and other standards and publications approved by the Saudi Organization for Auditors and Accountants (SOCPA) and the company is obligated to apply the amendments Or the changes that occur in these standards from time to time, and therefore any changes in these standards or the mandatory application of some new standards may have a negative and

material impact on the company's business results, financial position and future expectations.

### **18-1-2 Risks Related to the Coronavirus Pandemic (COVID-19)**

The spread of the new Corona virus - COVID-19 began in December 2019 AD, and the World Health Organization declared the virus a global pandemic in March 2020 AD, and the virus then spread widely and rapidly to affect more than 194 countries around the world, so that the world faced an unprecedented health and economic crisis. In the second half of February 2020, when the virus spread and reached many countries around the world, many countries began imposing public health containment measures to delay its spread and enhance the capacity of the health sector. The development of the situation in this way led to a sudden halt in economic activities and a sharp decline in prospects. Economic. As a result, the spread of the virus had a significant impact on the global economy and put pressure on individuals, companies and governments.

The government of the Kingdom of Saudi Arabia has imposed health and economic measures to contain the consequences of the increasing spread of the virus, like many countries in the world and the region. Health measures included imposing partial or complete curfews in some cities and governorates of the Kingdom, complete and partial closure of economic and government activities, closing shopping centers and retail exhibitions, and closing commercial complexes. And all activities within it, with the exception of food stores and pharmacies, and reducing the number of working hours for some sectors or obliging some of them to work remotely, and so on, and suspending all domestic flights, buses, taxis and trains, and suspending entry for the purposes of Umrah and visiting the Prophet's Mosque from outside the Kingdom, and quarantine, while it included Economic measures Financial support for citizens and those affected by the Corona pandemic, family and sick leave paid by the state, expansion of unemployment compensation, delaying tax payments and other measures to support companies.

The company is committed to the instructions issued by the Ministry of Health and the Ministry of Human Resources and Social Development by applying preventive measures and precautions such as applying social divergence in the workplace, measuring the temperature of each employee when entering the company's headquarters, and wearing a mask when entering and being at the company's headquarters or one of its facilities, but the company does not guarantee That one of its employees is not infected with the virus, which may lead to him being unable to work or transmitting the infection to his colleagues, which will lead to a disruption of the operation process, and thus negatively affect the company's business, results of its operations, financial position and future expectations, then the Royal Decree was issued on 09/03/1441 AH (corresponding to 26/04/2020 AD) with the return of life to normal and the lifting of the curfew partially, while adhering to the precautionary measures of physical distancing, determining the number of those present in workplaces and providing services, and the health situation in the Kingdom during the period of preparing this prospectus is subject to daily follow-up by the Ministry of Health By issuing the daily statistical report to follow up the numbers of injuries, recovery cases and deaths, and all regions and cities of the Kingdom of Saudi Arabia are subject to continuous evaluation by the Ministry of Health. Health, which may necessitate the re-imposition of complete or partial closure in some cities of the Kingdom, and accordingly, there is no expected date for the end of this epidemic until the date of this bulletin, just as it is not possible to predict the procedures and instructions that may be imposed by the competent authorities according to the epidemiological situation in the Kingdom, which may Negatively and materially affect the company's business results, financial position and future prospects.

### **19-1-2 Risks related to the inability to implement projects**

The company has projects that depend on a number of analysts and international clients who wish to benefit from the company's services and expertise in the field of software and designing special systems. The projects in the company are divided according to the customers in them, into projects related to maintenance and technical support for the banking sector, projects related to software licensing for the banking sector, a project for making payments to the government sector, from which the resulting revenues amounted to 6.7, 12.7 and 28.5 million riyals, respectively, with a total of 45.9 Million riyals during the year 2020 AD, amounting to 9.6 and 30.49.0 million riyals, respectively, and a total of 4900 million riyals during the year 2021 AD, amounting

to 5.9, 7.1 and 17.3 million riyals, respectively, with a total of 30.3 million riyals. One million riyals during the period ending on June 30AD. For more information, see the section “- Company Revenues.” Among the possible risks surrounding projects is the termination of one of these projects or the contractual relationship before the end of the agreed project period, failure, bankruptcy, insolvency of one of the parties, or breach by paying the company’s financial dues on their due dates or pandemics and emergency conditions, and on the other hand, it is considered a potential risk on the part of the company, its inability and inability to set future plans to diversify its investments or find fruitful relationships for its present and future. The company may be exposed to a number of different risks that may lead to non-compliance Executing these projects at the specified time at all, such as a change in demand drivers, a lack of demand, or the inability to obtain all necessary licenses and approvals to implement the projects or not to implement them, and there can be no guarantee that any of the company's current or future projects will be completed in The expected time frame or it will be completed at all, as a result of the above-mentioned factors or for any other reason, and therefore the inability to complete some or all of the company's projects will incur additional costs to the company and thus negatively and materially affect the results of the company's business, financial position and future prospects.

#### **20-1-2 Risks related to the possibility of failure of investment and new projects**

The company's strategy includes expansion of its business, investments and projects, and the company may face obstacles in current investments or in terms of establishing or establishing new projects or investing in existing companies. Therefore, there is no guarantee that the company's new investments will achieve success and will have the ability to generate revenues and cover capital expenditures. Which will negatively and materially affect the company's business, financial position and future prospects.

#### **21-1-2 Risks related to operation and unexpected stoppage of business**

The company relies on the continuation of its investments on the functioning and effectiveness of its programs and work systems. The establishments that have activities within the field of applications and technology services are subject to significant operational risks as a result of several factors, including penetration of systems and programs, natural disasters, sudden malfunctions of the main devices, failure to perform or stop computers or The interruption of the supply of energy and electricity, and these risks may cause significant damage to the facility’s facilities or its workforce, which will result in the company incurring losses, and thus negatively and materially affect the company’s business, financial position and future prospects.

#### **22-1-2 Risks related to potential legal zakat entitlements and additional claims**

The company submitted its zakat and tax returns to the Zakat, Tax and Customs Authority since its inception until the year 2021 AD. Accordingly, the company obtained Certificate No. 111.233174 dated 07/10/1443H (corresponding to 09/05/2022 AD), which states that the company has submitted its declaration for the period ending on 2021/12/31 AD and it is valid until 10/10/1444H (corresponding to 30/04/2023 AD). Below are the details of the zakat assessments received by the company for all years since its incorporation:

- 1) The company received a Zakat assessment for the period from 2000 AD to 2007 AD, and the Zakat, Tax and Customs Authority was provided with the inquiries that were requested by them, after which the company was provided with a final assessment to the year 2007 AD, and this assessment did not result in Zakat differences.
- 2) In 2016 AD, the Zakat, Tax and Customs Authority requested data, according to the letter received by the company on 06/27/2016 AD, for the period from 2008 AD to 2015 AD, and it was completed and provided to the Authority. They did not return to the company after that with any inquiries about the mentioned period, and this assessment did not result in zakat differences, and the company was not provided with a final assessment to date.
- 3) No zakat assessments were received during the period from 2017 AD to 2021 AD.

- 4) On 2.22/01/18 AD, the company received a final zakat assessment for the Zakat declaration for the period ending on 12/31/2016 AD. This assessment resulted in zakat differences in favor of the Authority in the amount of twenty-seven thousand, two hundred and eighty-four (284/27) Saudi riyals, and it was paid in full on 2.22/04/17 ).

It should be noted that the company, as in the audited financial statements ending on June 30, 2022 AD, has a provision for zakat in the amount of three hundred and ninety-eight thousand, four hundred and sixty (398/460) Saudi riyals, and there are no disputes or claims for zakat differences up to the date of this prospectus and in the event of an occurrence Any future claims, the company will bear these claims. In the event that the company is unable in the future to submit its zakat returns, this will have a negative and material impact on the company's business, financial position and future expectations.

### 23-1-2 Risks related to loans, credit facilities agreements, and guarantees provided

The company has credit facilities from the Arab National Bank according to the details shown below:

**Table No. (5) credit facilities for KnowldegeNet computer company**

No	Description
1	An amount of three million two hundred and seventy-seven thousand eight hundred and twenty-eight (3,279,828) riyals on 2021/06/27 AD
2	The credit facilities granted to the company and issued on 2021/06/27 AD have been renewed for another period ending on 2.22/07/31 AD with a total amount of seven million (..... 7) riyals
3	There is a promissory note issued by KnowldegeNet computer company Limited in favor of the Arab National Bank in the amount of seven million (....7,000) riyals on 2021/06/27 AD, the guarantors: Mrs. SARAH TAWFIQ AL-LABUDI, Mr. / Muhammad Ibrahim Al-Mansour, Mr. / RAAD AL-ABD AL-QADER, Mr. / ABDULAZIZ AL-MODAYEGH, and Mr. / MUHAMMAD AL-SUQIYYAH.
4	These credit facilities are being renewed.

**Source: company information**

And the company does not have any documents related to any mortgages or guarantees provided in favor of any banks or banks or otherwise, and it does not have any guarantees provided by it or any of its partners in favor of any banks or banks or any financing entities and the beneficiary from the company or branches, other than what is indicated in table number (e) above.

In the event that the company is unable to fully fulfill the obligations and requirements of this agreement, this will affect the company's credit reputation and its ability to obtain credit facilities in the future, and thus negatively and materially affect the company's business, financial position and future prospects.

### 24-1-2- Risks related to liquidity

Liquidity risk is represented in the company's inability to meet its obligations related to financial liabilities as they become due, and the company's financial liabilities consist of lease contracts commitment - the current part and contract commitment unrealized revenues, accrued expenses and other credit balances, and the company may not be able to fulfill its obligations on maturity dates and may result in Liquidity risk also results from the inability to collect financial assets quickly and in an amount close to their fair value. Any emergency or sudden events may occur that may require immediate liquidity. its financial position and future prospects.

**Table No. (6) Risks related to liquidity**

	<b>Period</b>	<b>Fiscal Year Ending December 31, 2020 (Reviewed)</b>	<b>Fiscal year ending on December 31, 2021 AD (Reviewed)</b>	<b>Period ending on June 30, 2022 AD (Reviewed)</b>
	liquidity ratio (times)	4,20	2,20	5,55

**Source: Company information and the company's audited financial statements for the fiscal year ending on December 31, 2021, and the audited financial statements for the period ending on June 30, 2022.**

### **25-1-2 Risks related to agreements, contracts and dealings with third parties**

The company carries out its commercial activities with the aim of increasing its revenues by concluding several contracts and dealings with others, whether these contracts are on a local or external level, as it becomes clear that the company is working on supplying and / or providing its services to others through the conclusion of orders and direct purchase requests submitted by customers to KnowledgeNet computer company as a seller and through Conclusion of agreements and contracts with other parties through its headquarters in Riyadh.

The ability of the company to continue implementing its business, diversifying it or expanding it depends on the implementation of its practical plans drawn with efficiency and knowledge, always taking into account the possibilities and risks surrounding its business and the relationships that arise from these businesses: as the company's conduct of its activities results in its financial liability as an independent legal person. Rights and Obligations If the company fails to collect its financial rights from clients who owe it, become bankrupt, become incapacitated, or lose their legal capacity, or fulfill its obligations and pay all debts and claims owed by it within the agreed period and in accordance with the terms and conditions on which the company contracts, especially if it results in a breach of its obligations Judicial claims and financial compensations that exhaust their financial position, as this affects them in the difficulty of continuing their present and future commercial relations, which reflects negatively and materially on the company's business, financial position and future prospects.

### **2-1-26 Risks related to operating systems and information technology**

The company relies on information technology systems to manage its business and facilities, which exposes the company to the risks of failure of these systems, such as system collapse, failure of protection systems, penetration of the company's systems, electronic viruses, natural disasters, fires, communication errors, or the lack of skilled workers necessary to operate and manage these systems or Leakage of data and information of the company or its customers. And if the company fails to maintain and develop information technology systems, or in the event of any malfunctions in its functions, major failure or repeated failure, or in the event of the occurrence of any of the above-mentioned events, this will negatively and materially affect the company's business, financial position and future prospects.

### **2-1-27 Risks related to the lack of insurance coverage for the company's activities and properties and natural disasters**

The company, as an independent legal person, is responsible for its representatives and affiliates and the results of their actions towards third parties for every event related to the possibility of damage or loss; That is why the need for insurance appeared, and with the exception of medical insurance, it was found that the company had not, until the date of preparing this prospectus, contracted with insurance companies to provide general insurance coverage for emergency damages that mainly relate to commercial property, damages resulting from breach of trust issued by the employees of the facility, damages resulting from liability The managers and executives of the company for their actions during the validity period of the insurance. The latter type of insurance represents a shield for the rights of all parties, including shareholders, assets and employees, and helps to fulfill the requirements of corporate governance rules and regulations. In addition, this insurance policy represents a protection for the members of the Board of Directors from any claims that may be filed

against them as a result of their conduct of their work and a protection for the company from any loss that may befall it from filing such claims and compensation. The company does not provide guarantees that any of these events that may result in damages will not occur. It leads to material losses on the company's business and the results of its operations due to the lack of any insurance coverage for it, which will negatively and materially affect the company's business, financial position and future prospects.

### **28-1-2 Risks related to the company's inability to provide manpower to meet the company's need for future expansion**

The company's ability to expand its business and future performance depends on several factors, including the ability to provide manpower to meet the company's needs to carry out its future plans. The company's success in implementing future plans to expand the business and thus negatively and materially affect the company's business, financial position and future prospects.

### **2-1-29 Risks related to board members entering into competing businesses for the company when they leave the company**

As at the date of this Prospectus, there is no agreement or arrangement between the members of the Board of Directors of the company under which they are subject to any obligation that prevents them from entering into competing businesses for the company when they leave the company, whether by submitting their resignation or the termination of their membership in the Board of Directors and their non-election for a new term or their unwillingness to run for the new term. The members of the Board of Directors can view the internal information of the company, in addition to their knowledge of the mechanism of work in the company and in the sector in which it operates in general, and in the event that the members of the Board of Directors or any of them leave the company, whether by submitting their resignation or ending their membership in the Board of Directors and not being elected for a new term Or their unwillingness to run for the new term, they may occupy board memberships or own in companies that participate in business competing with the business of the company, and thus use that information for their own interests and in a way that may harm the interests of the company, which may have a negative and material impact on the company's business, financial position and future prospects.

### **2-1-30 Risks related to cases of conflict of interest**

Neither the Company's Articles of Association, nor any internal regulations or policies, provide any powers that enable any member of the Board of Directors or the Chief Executive Officer to vote on any contract or offer in which he has a direct or indirect interest, in accordance with the provisions of Article Seventy-one (71) of the Articles of Association. Companies Law The aforementioned article stipulates that no member of the Board of Directors should have any direct or indirect interest in the deals and contracts that are made for the account of the company, except with permission from the Ordinary General Assembly, and that article also states that that member must inform the Board of Directors The management is concerned with his personal interests in the deals and contracts that are made for the company's account, and the chairman of the board of directors, for his part, must inform the general assembly in its meeting of the deals and contracts in which any member of the board has a personal interest, provided that the disclosure of the matter in this way must be accompanied by a special report from the observer Accounts, and that disclosure must be recorded in the minutes of the meeting of the Board of Directors, and the interested member may not participate in voting on the decision submitted for voting in this regard, and based on the aforementioned, the members of the Board of Directors must adhere to the following:

- ❖ Compliance with the provisions of Articles seventy-one (71), seventy-two (72), seventy-three (73), seventy-four, (74), and seventy-five (75) of the Companies Law and the provisions of Articles forty-four (44) and forty-six (46) of the Corporate Governance Regulations companies.
- ❖ Refrain from voting on the decisions of the General Assembly related to the contracts concluded with the company, where the member of the Board has a direct or indirect interest in this contract.

- ❖ Unless a member of the Board obtains a license from the Ordinary General Assembly, it is permitted not to enter into competition even though he may do so.
- ❖ Entering into the future in all deals with a related party on a competitive basis, in accordance with the text of the dealings with parties policy, the management acknowledges that there is no personal conflict of interest for the members of the company's board of directors or its senior executives, or the current shareholders in relation to contracts or transactions concluded with the company And they were not part of any activity similar to or competing with the company's activities as of the date of this Prospectus.

Failure to disclose the direct or indirect interest of any member of the Board in any of the transactions or contracts conducted by the company will be considered a violation of Article Seventy One (71) of the Companies Law, and may result in violations and fines amounting to five hundred thousand (5,000.00) Saudi riyals according to the Companies Law Article No. Two Hundred and Thirteen (313) shall be borne by the member of the Board of Directors responsible for non-disclosure, and the company may bear it in the event that the member discloses and the Board fails to raise it to the General Assembly in this regard. The members of the Board have committed to disclose any dealings in which they have a direct or indirect interest.

There are no other transactions that have not been disclosed in which any of the members of the Board of Directors of the Company, its senior executives, current shareholders, or any of their relatives has owned or will have a direct or indirect personal interest as of the date of this Prospectus. Nor are there any transactions based on unfair commercial grounds. Also, on the date of this Prospectus, the members of the Board of Directors of the Company do not practice any competing or similar business that has not been disclosed to the Company's business through their memberships in the Boards of Directors of other companies. It is worth noting that such conflicts of interest may adversely and materially affect the company's business, financial position and future prospects.

### **31-1-2 Risks related to the risks of having the company's assets on leased real estate**

The company's headquarters and other investments are located on leased real estate. More details about the company's leased real estate, please see section (3-5) "Leasehold real estate". The company's inability to abide by the terms of the contract or the inability to renew the contract will lead to the company entering into disputes, and the withdrawal of the leased property, which will negatively and materially affect the company's business, financial position and future prospects.

### **2-1-32 Risks related to non-compliance with the work system and its implementing regulations**

The labor law and its implementing regulations oblige all employers to ensure that the employment contract with any worker is written and of at least two copies. The Ministry of Human Resources and Social Development also required that work contracts be documented electronically by uploading and updating information on workers' work contracts and providing the opportunity for workers to verify the validity of their contract data by documenting contracts through the electronic services portal of the General Organization for Social Insurance, in accordance with Ministerial Resolution No. (156309). And on the date of 07/18/1440 AH (corresponding to 04/23/2019 AD) Noting that all contracts of workers who are contracted with after the date of this decision must be documented directly. As for those who previously contracted with them, documenting their contracts is mandatory and in time stages that end at the end of the fourth quarter of the year 2020 AD The company is committed to documenting the contracts of its employees electronically, and in the event that the company does not comply with documenting the contracts of employees and employees of the company, it will be considered a violation of the work law and its implementing regulations, and the company will be subject to a fine of one thousand (1,000) riyals, multiplied by the number of violating workers, according to what is stated in the table of violations and penalties issued by virtue of the decision. Ministerial No. (178743) dated 09/27/1440H (corresponding to 01/06/2019G), which will negatively and materially affect the company's business, financial position and prospects her future.

### **2-1-33- Risks related to non-compliance with the Work Regulation**

Article (13) of the Labor Law obliges every business owner to prepare a regulation to organize the work in his establishment according to the form prepared by the Ministry of Human Resources and Social Development (the Labor Office). The work office in accordance with the requirements of the Saudi labor system, executive regulations, decisions and instructions issued by the Ministry of Labor, especially the provision of Paragraph (1) of Article (12) of the labor system referred to above, constitutes a violation, which may expose the company to the penalties and fines stipulated in the schedule of violations and penalties issued by Ministerial Resolution No. (88478) dated 01/05/1439 AH (corresponding to 18/1/2018 AD and amended by Ministerial Resolution No. (178743) dated 09/27/1440 AH (corresponding to 01/06/2019 AD) and the value of the fine is fifteen thousand (150,000) riyals, which It will adversely affect the company's business, financial position and future prospects.

### **34-1-2 Risks related to piracy**

The company mainly works in the field of preparing and producing computer programs. These programs are sold with a license according to the number of users. However, like all computer programs, they are vulnerable to unlicensed use by computer hackers. In the event that this happens, the company's sales will be negatively affected, which will affect the Negative and material on the company's business, financial position and future prospects.

### **2-1-35 Risks related to not getting programmers**

The company's main activity is to prepare and produce computer programs, and the quality of these programs depends mainly on the qualifications and experience of these programmers. Therefore, it will negatively and materially affect the company's business, financial position and future prospects.

### **36-1-2 Risks related to the company's inability to keep pace with sector developments**

The applications and technology services sector are characterized by rapid technological changes, and this includes change and development on industrial standards and the provision of new products and services to customers that may cause a reduction in the duration of the product's effectiveness and reduce its life span. On new services to meet customer requirements within a time frame and reasonable and effective costs, and there is no guarantee that you will achieve success in providing those updates or responding to them in accordance with an effective time frame and reasonable costs, and there is no guarantee of the success of those services or technologies provided by the company in the sector even in If the company was able to respond to these developments, and the company may not succeed in providing new and developed services due to the lack of sufficient demand from its customers for those services, or in the event that the company was unable to provide or update these new services in an effective manner, then the company will not be able to meet the requirements The ever-evolving technology applications and services sector, especially with regard to new or old technologies, has a negative and material impact on the company's business and its home position and its future expectations.

### **37-1-2 Risks related to the company's inability to adapt to keep up with customers' requirements**

The Applications and Technology Services segment is sensitive to changes in customer preferences and market trends. Any change in customers' desires and requirements may affect the company's products and services by making them less effective and demanding, for example, any concerns about fraud, information privacy, or other similar issues that may reduce the desire of customers and commercial companies to request products and services that provided by the company or will be introduced in the future, and the company may not be able to adapt to changes in the desires of customers during an appropriate time or at an acceptable cost, or the company's competitors may provide better options for customers, and any change in the desires of customers may lead to a decrease in their demand for the products and services provided by the company This will have a negative and material impact on the company's business, financial position and future prospects.

### **2-1-38 Risks related to the prices of the company's products and services**

The Company's customers may request lower prices for the services provided by the Company. The entry of new competitors to the applications and technology services sector or the business of existing competitors and their development or merging may lead to an increase in the percentage and number of service providers and thus to a decrease in the prices of the products and services provided by the company to its customers, thus reducing the percentage of the company's profits from its business in general. The factors mentioned above will have a negative and material impact on the company's business, financial position, results of operations and future prospects.

### **39-1-2 Risks related to cybersecurity**

Cybersecurity risks can lead to disruptions to business operations and a company's operational results. As the company relies on information technology, computer control systems, and software developed by the company in its operations, business disruptions and disruption of the information technology system and networks due to electronic attacks may cause serious damage to the company's operations and negatively affect its operational results. Cybersecurity risks include attacks on information technology and infrastructure. Infrastructure by hackers, damage or loss of information due to viruses, unintentional disclosure of confidential information, misuse or loss of control of computer control systems, and breaches resulting from employee errors. The Company's exposure to cybersecurity risks includes exposure through third-party vendors whose systems may be vulnerable to cyber-attacks. The company has implemented sufficient security procedures and measures to protect systems and information from exposure to electronic attacks. However, a company may not have the resources or technical sophistication to anticipate, prevent, or address rapidly evolving types of cyberattacks. The breach of the company's information and control systems may have a negative and material impact on the company's business, financial position, operations results and future prospects.

### **2-1-40 Risks related to errors or hidden defects in products, programs or solutions**

The company's products, programs, or solutions may contain errors or defects that the company was not able to discover, which may adversely affect the performance of the products, programs, or solutions, and thus will affect the demand for them. Although the Company has tested the offered software, errors in the Company's products, software and solutions may occur from time to time. If errors or defects are discovered, the Company may have to incur significant capital expenditures to remedy them and may not be able to successfully rectify them in a timely manner or at all. Errors and malfunctions in the Products, Software or Solution may result in the loss or delay of market acceptance of such Products, Software or Solution and may damage the Company's reputation. Any such errors or defects may lead to negative feedback from customers, especially since many of the Company's customers and potential customers are significantly affected when they learn of defects in the products, programs or solutions used by them. In addition, any errors in the Products, Software or Solutions may result in the necessity for concessions and corrective measures from the Company to existing customers in order to maintain their business. Therefore, the occurrence of these errors and defects has a negative and material impact on the company's business, financial position and future prospects.

### **41-1-2 Risks related to potential future acquisitions**

As part of its growth strategy, the company continuously evaluates various growth opportunities. The Company may decide to acquire new companies and other technologies, services, products and assets from time to time based on its suitability for the Company's strategy and financial position. Acquisitions may involve various risks, including the Company's failure to assess the opportunity and strengths and weaknesses of the acquisition, accurately target investment, business combination, or assets purchased effectively or achieve the expected integration, or recover the costs of the acquisition of those businesses or assets. The Company may also incur unexpected costs or incur unexpected liabilities and losses in connection with any business or asset it acquires, including in connection with the retention of key personnel, or potential legal obligations such as contractual, financial, regulatory, environmental or other obligations. liabilities and risks related to the acquired business, and maintaining and integrating procedures, controls and quality standards. These difficulties may affect the company's ongoing business, lead to distraction of its management and employees and increase its expenses, which may have a negative and material impact on the company's

business, results of operations, financial position and future prospects.

#### 42-1-2 Risks related to the existence of vacancies in the executive management staff

There is a vacancy in the company related to the position of Director of Internal Audit and Operations Management, and it is expected that he will be appointed on 02/23/28G. The tasks of the Director of Internal Audit and Operations Department include issuing periodic reports to the Audit Committee summarizing the results of all audit tasks, risk assessments and the company's internal control system. As this will be reflected in the risks of the lack of mechanisms, rules and procedures to ensure the integrity of financial and accounting information in addition to the regulatory matters and information related to the company's business. In the event that this position remains vacant, this will negatively affect the company and expose it to operational, administrative and financial risks, especially after listing the company in the parallel financial market (Nomu), which will have a negative and material impact on the company's business results, financial position and future prospects.

#### 43-1-2 Risks related to customer concentration

(56%) of the company's revenues for the year 2020 AD are concentrated, and (62%) of the company's revenues for the year 2021 AD are concentrated, and (57%) of the company's revenues for the period ending on June 30, 2022 AD are concentrated in one customer, who is a government customer, and it represents (5 %) of the company's net income for the year 2020 AD, which represents (35% of the company's net income for the year 2021 AD, and represents approximately (0.73%) of the company's net income for the period ending on June 30, 2.22 AD. The service provided to the client is to provide advisory services, In the event that the company is unable to maintain its contractual relationship with this client, this will negatively and materially affect the company's business, results of operations, financial position and future prospects.

**Table No. (7): Revenue and profitability of the company's income sources**

Statement	2020	2021	June 30, 2022 AD
government sector revenues			
Revenue of payment project for the government sector No. (1)	25,792	30,383	17,291
Percentage of the revenue of the project of making payments to the government sector No. (1) of the total revenue of the company	% 56,19	% 61,99	% 57,04
Revenue of government agency government sector project No. (2)	677	0	0
Percentage of the revenue of a government agency project, government sector No. (2), out of the company's total revenue	%1,47	%0,00	%0,00
Total revenues of the government sector	<b>26,469</b>	<b>30,383</b>	<b>17,291</b>
Net income from the government sector	<b>417</b>	<b>549</b>	<b>31</b>
A percentage of the company's net income	%5,30	% 35,05	%0,73
Maintenance and technical support revenue from the banking sector	12,739	9,030	7,087
Percentage of maintenance and technical support revenue from the banking sector out of the company's total revenue	% 27,75	% 18,42	% 23,38
Net income from maintenance and support for the banking sector	<b>5,570</b>	<b>517</b>	<b>920</b>
A percentage of the company's net income	% 70,77	% 33,05	% 21,55
Revenue from sales of software licenses for the banking sector	6,697	9,602	5,936
	% 14,59	% 19,59	% 19,58

Percentage of revenue from sales of software licenses for the banking sector out of the company's total revenue			
Net income from software licenses for the banking sector	1,884	499	3,319
A percentage of the company's net income	% 23,93	% 31,90	% 77,73
The company's total revenue	45,905	49,015	30,314
The company's net income for the period	7,871	1,565	4,270

**Source: company information**

#### 44-1-2 Risks related to revenue concentration

(56%) of the company's revenues for the year 2020 AD are concentrated, and (62%) of the company's revenues for the year 2021 AD are concentrated, and (57%) of the company's revenues for the year 2021 AD are concentrated in one customer, who is a government customer, and in the event that the company is unable to maintain its contractual relationship With this customer, this will negatively and materially affect the company's business, results of operations, financial condition and future prospects.

#### 2-1-45 Risks related to dependence on suppliers

In supplying, the company relies on major suppliers, with whom the relationship is based on a contractual basis, as the payment period for these suppliers during the years 2.20 and 2021 and the period ending on June 30, 2021 AD and the period ending on June 30, 2022 AD amounted to 51.60, 83.83 and 186.,5585.47 days, respectively, as its percentage of the cost of revenue during the years 2020, 2021, the period ending on June 30, 2021 AD, and the period ending on June 30, 2022 AD was 14.30, 23.3, 23.7, and 47.1, respectively. For more information, please see sub-section 3-3-6 of the company's suppliers in this prospectus). Therefore, the occurrence of any defect, malfunction, or sudden interruption in the work of the suppliers, or the cessation of the relationship with one of the suppliers, or a change in one of the conditions or obligations, or the non-renewal of the contract on commercially acceptable terms, will negatively and materially affect the company's business, results of its operations, financial position, and future expectations.

#### 46-1-2- Risks related to trademark protection and intellectual property rights

The company's ability to market its products and develop its business depends on the use of its name, logo and trademarks, which support its business and competitive position and give it clear distinction in the market among customers. Please refer to Section No. (73) "Trademarks and Intellectual Property Rights"). In this context, the company did not conclude any agreements for the use or exploitation of its trademarks and granted this right to any other party in the Kingdom or abroad, and since the company protected its trademarks by registering with the competent authority, this does not replace due diligence in tracking similar marks and everyone who tries Undermining the reputation of these trademarks and preserving them from any illegal use and any negative impact that may affect and reflect on them, as any violation or infringement in any way on the company's trademarks entails filing lawsuits and claims before the competent authorities to protect these marks and the rights arising from them, and in the event that If the company fails to effectively protect its trademarks when renewing the registration certificate or tracking similar marks, this will negatively affect its value, which will negatively and materially affect the company's business, results of operations, financial position and future prospects.

#### 2-2 Market and sector risks

##### 1-2-2- Risks related to the competitive environment

The company operates in a strong competitive environment and there is no guarantee that the company will continue to be able to compete effectively with other companies in the market, and the pricing policies of the company's competitors greatly affect its financial performance, and the company may be constantly unable to

compete with those companies, which leads to a decrease in the share of The company is in the market and thus negatively and materially affects the company's profits and financial results.

### **2-2-2 Risks related to the economic performance of the Kingdom**

The expected future performance of the company depends on a number of factors related to the economic conditions in the Kingdom in general, including but not limited to the stock market, inflation factors, GDP growth, per capita income, and so on. The macro and micro economies of the Kingdom depend mainly on oil prices and the petroleum industries, which still control a large share of the gross domestic product. Therefore, any negative fluctuations in oil prices will have a direct and substantial impact on the plans and growth of the Saudi economy and government spending in general, which will in turn negatively effect on the company's financial performance due to its work within the Saudi economic system affected by government spending rates. Also, the continuous growth of the Saudi economy depends on several other factors, including continuous population growth and public and private sector investments in infrastructure, and any change in any of these factors will have a significant impact on the economy, which will negatively affect the company's business, results of operations, financial position of the company and its future aspirations. .

### **2-2-3 Risks related to the political and security situation**

The company's business is concentrated in the Kingdom of Saudi Arabia. Therefore, the company's financial performance depends on the prevailing economic and political conditions in the Kingdom, in addition to the global economic conditions that in turn affect the Kingdom's economy. Many countries in the Middle East suffer from political or security instability at the present time, and there are no guarantees That the economic and political conditions in those countries or any other countries will not have a negative impact on the markets in the Kingdom and thus have a negative and material impact on the company's business and the results of its operations.

### **4-3-2- Risks related to changes in relevant laws and regulations**

Like other companies operating in the Kingdom of Saudi Arabia, the company is subject to a number of laws and regulations that may change or be updated by the competent authorities. Also, new laws and regulations may be issued by the relevant official authorities from time to time. Accordingly, the company's business will be negatively affected in the event of any material change to any of the relevant systems or the introduction of additional systems that have a direct impact on the performance and profitability of the company.

### **2-2-5 Risks related to the occurrence of natural disasters such as disease outbreaks such as floods, earthquakes and other events**

The company may be exposed to natural disasters beyond its control, such as disease outbreaks, torrential rains, earthquakes, storms, fires, and other catastrophic events that may damage the company's facilities, investment products, or services, and thus negatively affect the company's operations, which negatively affects its operational results. In addition, the occurrence of any of these quarts will lead to the company incurring additional costs in order to correct these damages, which leads to an increase in expenses and an inevitable decrease in the profitability of the company. Likewise, the government may impose a temporary or conditional closure to combat the impact of these disasters and pandemics. Thus, the company, like other economic sectors, will be affected by this closure.

### **6-2-2- Risks related to fluctuation of interest rates**

Interest rates may change according to economic, political, or regulatory variables locally or globally, whether fixed or variable, that are due to the company's financing entities and the investment products managed by the company, and therefore this will lead to an increase in the financing costs that the company needs, which will

have a negative impact on the company's business, results of operations, financial performance and profitability.

### **2-3-7 Risks related to the market**

Market risk is the risk represented by the fluctuation of the fair value of the future cash flows of a financial instrument due to changes in market prices. Market prices include risks such as: stock price risk, interest rate risk, currency risk, and these risks may affect the results of its operations, financial performance and profitability of its investments.

### **2-2-8 Risks related to the absence of a previous market for the company's shares**

There is currently and has not existed a financial market for trading the company's shares, and there are no assurances regarding the existence of an effective and continuous market for trading the company's shares after listing the company's shares. The company's shares the liquidity and trading price of the company's shares may be affected negatively and significantly.

### **2-2-9 Risks related to future data**

The future results and performance data of the company cannot really be predicted and may differ from those in this prospectus. As the company's achievements and ability to develop determine the actual results, which cannot be expected or determined. The inaccuracy of data and results is one of the risks that the shareholder must recognize in order not to affect his investment decision.

### **10-2-2 Risks related to the company's inability to meet the requirements of transition to the current main market or any other regulatory requirements**

In the future, the company may wish to move to the main market, and accordingly, it must fulfill all the statutory requirements issued by the Capital Market Authority and the Saudi Tadawul Company (Saudi Tadawul based on the rules for offering securities, continuing obligations and listing rules, related to the transfer of companies listed in the parallel financial market) Nomu) to the main market, and therefore, in the event that the company is unable to meet those requirements or any additional future regulatory requirements that the regulatory authorities may impose on the company or the market, the company will not be able to move to the main market. Since the parallel financial market (Nomu) Until the date of the prospectus, it is a market in which trading is restricted to qualified investors only. The daily trading volume and liquidity will be less than in the main market, thus negatively affecting the liquidity of the company's shares and its market value.

### **11-2-2 Risks related to selling or issuing additional shares in the future**

In the event that the company decides to issue new shares in the future, it is likely that this will negatively affect the share price in the market or reduce the percentage of shareholders' ownership in the company if they do not invest in the new shares at that time.

### **2-3 Risks related to the offered shares**

#### **2-3-1 Risks related to control by the major shareholders**

The main shareholders after the offering, and they are SARAH TAWFIQ AL-LABUDI, who will own 12.95% after the offering, KN Teams will own 10.40% after the offering, and Muhammad Ibrahim Al-Mansour will own 8.57% after the offering. Control over all matters that require approval Shareholders and share price, and exercising this power in a way that could have a significant impact on the company's business and financial position, including electing board members, increasing and decreasing the company's capital, and engaging in activities related to mergers and acquisitions and other influential decisions, and they will own 31.92 percent of the main shareholders. % Of the company's shares after the completion of the offering and subscription to the company's shares. Accordingly, they will be able to influence all matters that require the approval of the shareholders and that may conflict with the interests of the founders, and this control may be used in a way that

negatively affects the company's business, profits and financial results.

### **2-3-2 Risks related to cancellation of listing / suspension of shares**

There are risks that the Capital Market Authority may cancel the listing of the company or suspend its trading at any time and as it deems appropriate, and the Saudi Stock Exchange has the right to suspend the trading of shares in the market according to the listing rules. No. (6-8) "The times and circumstances in which the offering may be suspended." In the event that this happens, it will adversely affect the trading price of the share and its liquidity in the market in a substantial way.

### **2-3-3 Risks related to the absence of a previous market for the company's shares**

The risks of the absence of a previous market for the company's shares and the possibility of the share price fluctuating, as it has not been previously traded in the financial market, and there is no confirmation that the offering price will be equal to the share's trading price in the market after the offering process, and in the absence of an active market for trading the company's shares, the liquidity and trading price will be affected. The company shares negatively, which indirectly affects the share price. The offering price of the offered shares has been determined based on several factors, including the company's status, future aspirations, stock market data, and negotiation between the financial advisor and the company.

### **2-3-4 Risks related to restricting trading to qualified investors from the public**

The company intends to list its shares in the parallel market (Nomu), in which trading is limited to qualified investors only, and this reduces the number of traders and thus the volume of trading on the share, which will negatively and substantially affect the liquidity and trading price of the company's share.

### **2-3-5 Risks related to issuing additional shares to increase the capital**

In the event that the company decides to issue new shares in the future to increase its capital based on the requirements of its business, which requires the company to increase its capital by selling more shares in what is known as the "secondary offering" or "additional offering", for the following reasons:

- The need for funding to expand the company's activities.
- Depletion of current capital as a result of unexpected operational losses.

The company may not be able to increase its capital at the time it wants or in a manner that serves its interests, which will negatively affect its business expectations and the results of its operations. Also, if the company decides to increase its capital by issuing new shares, the issuance of these new shares will negatively affect the share price in the market or lower the percentage of shareholders' ownership in the company if they do not invest in the new shares at that time.

### **6-3-2 Risks related to non-distribution of profits**

The future distribution of profits depends on several factors, including but not limited to future profits, financial condition, capital requirements, the Company's distributable reserves, general economic conditions, analysis of investment opportunities and needs, and other relevant factors that the Board of Directors may consider important from time to time and on the basis of which it will decide. The Board of Directors whether it will submit any recommendation to the General Assembly of shareholders between retaining and distributing profits and issuing new shares to cover the company's needs for funds. In other words, it is intended to divide the profits achieved by the company into profits that are retained for investment and operating purposes, and therefore the retained profits are considered a major source of internal financing, and this negatively affects the issuance of the decision to distribute future profits, and the company does not provide any guarantee at all that the Board of Directors will recommend the distribution of profits or that it will be approved by the shareholders in the meetings of the General Assembly on the recommendation of the Board of Directors to distribute any



profits, and does not provide any guarantee regarding the amount of amounts that will be paid as dividends in any specific year, and based on what has been mentioned, these factors will negatively and materially affect the company's business its financial position, results of operations and future prospects.

### 3. Background on the source and the nature of his work

#### 3.1 About KnowledgeNet computer company

KnowledgeNet computer company consists of the company and its subsidiaries, where KnowledgeNet computer company was established as a limited liability company under Commercial Registration No. (101.016.878) dated 23/5/1421 AH corresponding to 23/8/2000 AD) issued from the city of Riyadh with a capital of five hundred thousand (50,000) riyals divided into five hundred (. 5) cash shares of equal value. The value of each share is one thousand (1,000) riyals, all of which are ordinary cash shares, and in accordance with Ministerial Resolution No. (634) issued by the Ministry of Commerce on 03/18/1443 AH (corresponding to 2021/ 24/10G) It was approved to transform the company into a closed joint stock company, and in accordance with the decision issued by the Ministry of Commerce No. (651) on 03/22/1443H (corresponding to 28/10/2020G), the announcement of the transformation of KnowledgeNet computer company from a limited liability company was approved. To a closed joint stock company, and the current capital of the company is thirty-five million (350000000) Saudi riyals, divided by the number of three million five hundred thousand (305000000) ordinary shares paid in full, and the nominal value of each share is ten (10) riyals, and these shares are owned by seventy-two ( 72) Shareholder The company's headquarters is located in Riyadh, Al Madar Tower, Office No. (1.3 - 1.4), Olaya District, Olaya Main Street, L The main activity of the company is in the wholesale sale of computers and their accessories and the wholesale sale of software. It includes importing, systems analysis, design and programming of special software in accordance with the Saudi Companies Law issued by Royal Decree No. M / 3 on 01/28/1437H.

- 1) Information and communication.
- 2) Wholesale and retail trade and repair of motor vehicles and motorcycles.

The company carries out its activities in accordance with the applicable regulations and after obtaining the necessary licenses from the competent authorities, if any.

The company has obtained all the statutory licenses necessary for the current activities, all of which are valid until the date of this Prospectus. For more information about the licenses under which the company carries out its activities, please refer to Section (3)-(8) (Licenses and Approvals" in this Prospectus).

The company's current actual activity is represented in two main axes:

#### **The first axis: products**

Knowledge Network develops and sells its own business-centric products directly. The company has three main programs. The first is the Tradenet software package which contains several components in the field of automating the financial services sector. The second is the Data ability software package that is specialized in cleaning and transferring data automatically for most sectors, but with a greater focus in the banking sector. The third is the Soft more program, which is a unique platform for building programs and is used in building company programs in addition to other companies' programs.

#### **The second axis: strategic projects:**

The strategic projects in which the company entered are of two types:

- The first type is projects providing technical consulting or highly experienced and specialized consultants to clients.
- The second type is partnership projects with the private sector or the public sector, and it is by participation in the capital. It is agreed between the two parties on a percentage of participation in the capital of the invested company.

The company does not have a current plan to add any new and important activities or products until the date of this prospectus, but it will work to develop its current products.

KnowldegeNet computer company is also considered one of the leading Saudi companies in its field in the Kingdom of Saudi Arabia.

KnowldegeNet computer company has three (3) commercial activities outside the Kingdom, which is through its following subsidiaries:

- 1) A company in Central Holdings Limited
- 2) Soft More Company
- 3) Property Net Company and all of these companies operate in the United Arab Emirates and there are no assets for the company outside the Kingdom, and KnowldegeNet computer company does not have any other activity as on the date of this prospectus. In the field of the company's work, except that the company does not have any specific or written policies regarding research and development of new products.

### 3.3 Stages of establishing the company and capital changes

- KnowldegeNet computer company was established as a limited liability company under Commercial Registration No. (11016.878) dated 05/23/1421H (corresponding to 08/23/200G issued in Riyadh, with a capital of five hundred thousand (.....50) Saudi riyals divided into five hundred (500) cash shares of equal value paid in full, the value of each of which is one thousand (1,000) Saudi riyals distributed equally between each of Mr. Muhammad Al Mansour - the first partner who owns 50% of the shares and Mr. FAHAD AL SAMARI - the second partner who owns 5% of the shares according to The Memorandum of Association registered with the Honorable Notary Public of Riyadh No. (4364) of Volume (48) for the year 1421 AH on 04/22/1421 AH
- On 01/04/1434 AH corresponding to 02/06/2003 AD) the partners decided to amend the company's articles of incorporation by a decision issued by the partners to increase the capital and introduce two new partners, as the capital was increased to become one million five hundred thousand (...1,500 Saudi riyals). Divided into one hundred and fifty thousand (.....15) cash shares of equal value paid in full, the value of each share ten (10) Saudi riyals, by capitalizing an amount of one million (.....10) Saudi riyals from a current balance The partners, and it is owned equally between the aforementioned partners mentioned above, then it was transferred by Mr. Muhammad Al-Mansour, who owns seventy-five thousand (70,000 shares) to Mrs. Sarah Al-Labudi with twenty-three thousand two hundred and fifty (23,250) shares and eleven thousand two hundred Fifty (11,250) shares to Messrs. Saudi Systems Technology Company Limited, and Mr. Fahd Al-Semmari, who owns seventy-five thousand (75,000) shares, transferred to Mrs. Sarah Al-Labudi with twenty thousand, two hundred and fifty (20,250) shares and the number of eleven thousand And two hundred and fifty (1,250 (1) shares to Messrs. Saudi Systems Technology Company Limited, bringing the number of partners to four (4) partners).
- On 23/05/1437 AH (corresponding to 19/06/2006 AD), the partners decided to amend the company's Memorandum of Association with the exit of one partner and the entry of two new partners, as follows: The exit of Mr. Fahad Al-Sammari, who owns forty-three thousand five hundred (43,500) shares, by assigning a number Six thousand (6,000) shares to Mrs. Sarah Al-Laboudi, and assignment of ten thousand five hundred (10,500) shares to the new partner, Mr. Hussam Al-Hogail, and assignment of twenty-seven thousand (27,000) shares to the new partner, Mr. Muhammad Al-Saqeeh, to become The number of partners is five (e) partners.
- On 12/01/1432 AH (corresponding to 18/12/2010 AD), the partners decided to amend the company's articles of incorporation by the exit of one partner and the entry of a new partner, as the partner, Mr. Hussam Al-Hogail, who owns ten thousand five hundred (10,500 shares), exited by assigning all his shares. To the new partner / Mr. Raad Al-Abd Al-Qader, so that the number of partners remains five (e) partners.
- On 12/11/1440 AH (corresponding to 15/07/19.2G), the partners decided to amend the company's Memorandum of Association with the entry of ((6) new partners and the exit of one partner, as follows: Thirteen thousand and five hundred (130500) was assigned to the Saudi Systems Technology

Company. A share in favor of Mr. Abdul Aziz Abdul Rahman Al-Modaimigh, and the Saudi Systems Technology Company has waived nine thousand (90,000) shares in favor of Mr. / Amer Abdul Rahman Al-Khanani, and Mr. Muhammad Al-Saqiyyah has waived part of his shares to the following names: Mr. Abdul Rahman Yahya Al-Yahya six thousand Three hundred and seventy-five (6,375) shares, and Mr. / Khaled Abdul Rahman Al-Mousa six thousand one hundred and eighty-eight (188/6) shares, and Mr. / Abdul Mohsen Abdul Rahman Al-Mousa six thousand one hundred and eighty-seven (60187) shares, and Mrs. Samia Yahya Al-Yahya Four thousand five hundred (.. 4/5) shares, bringing the number of partners to ten (10) partners.

- On 06/03/1443 AH (corresponding to 10/21/13.2G), the partners decided the following: (1) Increasing the capital by an amount of thirty-three million five hundred thousand (.....33.50) Saudi riyals, and entering into sixty-two (62) A new partner, where the number of shares has been increased by three million three hundred and fifty thousand (3,350,000) shares by capitalizing the amount of thirteen million five hundred and ten thousand two hundred and fifty (13/510250 Saudi riyals) from the balance of the retained earnings account. Cash with a value of nineteen million nine hundred and eighty-nine thousand seven hundred and fifty (19,989,8750) Saudi riyals, in exchange for the issuance of two hundred and seventy-five thousand (2,750,000) new shares with a nominal value of two million, seven hundred and fifty thousand (20,750,000) Saudi riyals, of which one hundred and sixty-three thousand and fifty-five (1630). 55) A share for existing partners with a nominal value of one million six hundred and thirty thousand five hundred and fifty (106,300,550) Saudi riyals, and one hundred and eleven thousand, nine hundred and forty-five (111,945) shares for new partners, with a nominal value of one million, one hundred and nineteen thousand, four hundred and fifty). (10,119,045) Saudi riyals and cash surplus - issuance premium of seventeen million, two hundred and thirty-nine thousand, seven hundred and fifty (17,339,750) Saudi riyals that were fully capitalized to issue one million, seven hundred and twenty-three thousand, nine hundred and seventy-five (107230975) a new share that was distributed to the partners each According to his share, so that the total issued shares become one million nine hundred and ninety-eight thousand nine hundred and seventy-five (10998/975) shares of equal value, the value of each share is ten (1) riyals paid in full .. so that the capital becomes thirty-five million ..... 35000 ) Saudi riyals, and the number of shares is three million five hundred thousand (. 3050,000) share of equal value, the value of each share is ten (1) riyals paid in full, and owned by seventy-two (72) partners, and the capital increase and ownership of shares has been proven for all seventy-two partners (72) partners according to the partners' decision issued on 03/06/1443 AH (corresponding to 21/10/12 AD). (2) Converting the legal entity of the company from a limited liability company to a closed Saudi joint stock company with its rights, obligations, employment, classifications, licenses and all its financial, technical and administrative elements. The aforementioned changes have been proven and the company has been transformed into a closed joint stock company under the decision of His Excellency the Minister of Commerce No. (634) issued by the Ministry of Commerce on 03/18/1443H (corresponding to 24/10/2021G) and under Commercial Registration No. (16.878.1). 1) On 23/05/1421H (corresponding to 08/23/2000G), the company's capital after conversion amounted to thirty-five million (350000000) Saudi riyals, divided into three million five hundred thousand (30500000) fully paid-up ordinary shares, with a value of denomination of ten). (1) Saudi riyals per share, and these shares are owned by seventy-two (72) shareholders according to the shareholder register registered with the company and the Ministry of Commerce.
- On 23/01/1444 AH (corresponding to 21/2022 AD), the Extraordinary General Assembly approved the recommendation of the Board of Directors to list and register all the company's shares amounting to three million five hundred thousand (30500000) ordinary shares, all of one class, with a nominal value of ten (1) riyals). Saudi riyals per share, and its paid value is thirty-five million (...35,000,000) Saudi riyals, which represents the capital of the company, and offering seven hundred thousand (.....) 35,000 ordinary shares representing 20% of the company's shares. In the parallel market - growth.

### 3-3 Company revenues

#### 1-3-3- The company's income statement according to the revenue source from the sectors

The following table shows the company's income statement by source of revenue from the sectors (maintenance and technical support for the banking sector - special projects for licensing programs for the banking sector (the project for making payments to the government sector) for the years 2020-2021 AD and for the period ending on June 30, 2022 AD

**Table No. (8): Company Income Statement by Source of Revenue from Sectors (2021-2020 - June 30 2022)**

Numbers are in thousands of riyals

Statement	2020			2021				June 30, 2022 AD				
	Software licenses for the banking sector	Maintenance and technical support for the banking sector	Making payments to the government sector	Total	Software licenses for the banking sector	Maintenance and technical support for the banking sector	Making payments to the government sector	Total	Software licenses for the banking sector	Maintenance and technical support for the banking sector	Making payments to the government sector	Total
Revenues	6,697	12,740	26,469	45,906	9,601	9,030	30,383	49,015	5,936	7,087	17,291	30,314
Direct expenses	1,083	4,783	23,495	29,362	3,817	3,866	26,454	34,137	2,089	3,000	15,307	20,396
total profit for the period	<b>5,614</b>	<b>7,956</b>	<b>2,974</b>	<b>16,544</b>	<b>5,784</b>	<b>5,164</b>	<b>3,929</b>	<b>14,877</b>	<b>3,847</b>	<b>4,087</b>	<b>1,984</b>	<b>9,918</b>
gross profit margin for the period	% 83.83	% 62.45	% 11.23	% 36.04	% 60.24	% 57.19	% 12.93	% 30.35	% 64.81	% 57.67	% 11.47	% 32.72
Selling and marketing expenses	2,584	934	65	3,584	1,392	2,282	1,064	4,737	1,566	1,044	0	2,610
General and administrative expenses	1,506	1,034	2,753	5,293	2,903	2,365	2,317	7,586	1,400	2091	1,949	5,440
Investment gains/losses	0	0	0	0	-766	0	0	-766	2,556	0	0	2,556
Other income	360	0	262	622	198	0	0	198	0	0	0	0
Profits from operations	<b>1,884</b>	<b>5,988</b>	<b>417</b>	<b>8,289</b>	<b>920</b>	<b>517</b>	<b>549</b>	<b>1,986</b>	<b>3,437</b>	<b>952</b>	<b>35</b>	<b>4,424</b>
zakat	0	417	0	417	421	0	0	421	118	32	4	154
net income	<b>1,884</b>	<b>5,570</b>	<b>417</b>	<b>7,871</b>	<b>499</b>	<b>517</b>	<b>549</b>	<b>1,565</b>	<b>3,319</b>	<b>920</b>	<b>31</b>	<b>4,270</b>
Income row margin	28.12%	43.73%	1.58%	% 17.15	5.20%	5.73%	1.81%	3.19%	% 55.91	% 12.98	% 0.18	% 14.09

Source: company information

**Table No. (9): Direct selling is part of the company's total revenues**

Statement	2020	2021	June 30, 2021	June 30, 2022
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	Total Revenue (SAR)	Direct selling percentage of total revenue (%)	Total Revenue (SAR)	Direct selling percentage of total revenue (%)	Total Revenue (SAR)	Direct selling percentage of total revenue (%)	Total Revenue (SAR)	Direct selling percentage of total revenue (%)
Total direct selling	45,538,427	% 99,20	48,818,467	% 99,60	20,929,489	% 99,80	30,284,674	% 99,90
Total indirect sales	367,245	%0,80	196,058	%0,40	41,943	%0,20	30,315	%0,10
<b>The company's total revenue</b>	<b>45,905,672</b>	<b>%100</b>	<b>49,014,525</b>	<b>%100</b>	<b>20,971,432</b>	<b>%100</b>	<b>30,314,989</b>	<b>%100</b>

Source: company information

\*Direct revenues are: revenues generated from the main activity of the company

\*\*Indirect revenue is revenue generated from an activity other than the main activity.

### 3-3-2 Revenues according to activities

The following table shows the distribution of the company's revenues according to its main activities:

Table No. (10) Revenues by activities

activity	fiscal year ending on December 31, 2020 AD (In thousands of riyals)	percentage of total revenue (%)	As in 30 June 2021 AD (In thousands of riyals)	percentage of total revenue (%)	fiscal year ending on December 31, 2021 AD (In thousands of riyals)	percentage of total revenue (%)	As at June 30, 2022 AD (in thousands of riyals)	percentage of total revenue (%)
Revenue from strategic projects	25,792	%56	16,069	%77	30,383	%62	17,291	%57
Core business products	20,113	%44	4,902	%23	18,631	%38	13,024	%43
<b>Total</b>	<b>45,905</b>	<b>%100</b>	<b>20,971</b>	<b>%100</b>	<b>49,014</b>	<b>%100</b>	<b>30,315</b>	<b>%100</b>

Source: company information

### 3-3-3- Revenues from strategic projects

The following tables show the revenues of strategic projects:

Table No. (11) Revenues from strategic projects for the year 2020

project name	project owner	Contract Value	Revenues for the year 2020 (SAR)	Project start date	Project end date
Providing project advisory services for making payments	government customer	21,788,008	20,287,016	2020 /01 /01	2020 /12/ 31

Providing consulting services to the project transformation team to pay for payments	government customer	4,847,927	4,847,927	2020 /01 /01	2020 /12/ 31
Providing consulting services for the Saudi Fintech project	government customer	657,468	657,468	2020 /01 /01	2020 /12/ 31
<b>Total revenues for fiscal year 2020 from strategic projects</b>		<b>27,293,403</b>	<b>25,792,411</b>	-	-

**Source: company information**

**Table No. (12): Revenues from strategic projects as of June 30, 2021**

project name	project owner	Contract Value	Revenues for the year 2021 (SAR)	Project start date	Project end date
Providing human resources services for the Saudi Payments Project	government customer	59,000,000	15,609,638	2021 /01 /01	2021 /12/ 31
<b>Total revenues for the period as of June 30, 2021 from strategic projects</b>		<b>59,000,000</b>	<b>15,609,638</b>	-	-

**Source: company information**

**Table No. (13): Revenues from strategic projects for the year 2021**

project name	project owner	Contract Value	Revenues for the year 2021 (SAR)	Project start date	Project end date
Providing advisory services for the Saudi Payments Project	government customer	59,000,000	30,383,193	2021/ 01 /01	2021/ 12/ 31
<b>Total revenues for fiscal year 2021 from strategic projects</b>		<b>59,000,000</b>	<b>30,383,193</b>	-	-

**Source: company information**

**Table No. (14): Revenues from strategic projects as of June 30, 2022**

project name	project owner	Contract Value	Revenues for the year 2021 (SAR)	Project start date	Project end date
Providing human resources services for the Saudi Payments Project	government customer	38,260,870	17,291,356	2022/ 01 /01	2022/ 12/ 31
<b>Total revenues for the fiscal year for the period as of June 30, 2022 from strategic projects</b>		<b>38,260,870</b>	<b>17,291,356</b>	-	-

**Source: company information**

### 3-3-4 Revenue by major customers

The company has contracted with various parties inside the Kingdom and in various countries, so that the company's business and sales are distributed to a large number of clients, approximately 53 clients distributed over the countries in which it operates. The following tables show the revenues from the company's main customers for the period ending on 12/31/2020G and as for the period ending on 2021/06/30G, the period ending on 12/13/2021G, and the period ending on 2.22/06/30G:

**Table No. (11) Revenues by main customers for the period ending on 12/31/2018**

No	Statement	customer name	Country	Revenue SAR	% Of total revenue
1	Revenue from the largest client	government customer	KSA	25,792,411	%56,2
2	Revenue from the second largest customer	private sector client 1	The United Arab Emirates	2,835,426	%6,2
3	Revenue from the third largest customer	private sector client 2	KSA	2,544,318	%5,5
4	Revenue from the fourth largest customer	private sector client 3	KSA	2,135,545	%4,7
5	Revenue from the fifth largest customer	private sector client 4	KSA	1,627,500	%3,5
<b>The total revenue of the five largest customers</b>				<b>34,935,200</b>	<b>%76.1</b>
<b>rest of the clients</b>				<b>10,970,472</b>	<b>%23.9</b>
<b>Total revenue</b>				<b>45,905,672</b>	<b>%100</b>

Source: company information

Table No. (12): Revenues by main customers for the period ending on 21/06/30G

No	Statement	customer name	Country	Revenue SAR	% Of total revenue
1	Revenue from the largest client	government customer	KSA	15,609,638	%74,4
2	Revenue from the second largest customer	private sector client 1	KSA	1,036,875	%4,9
3	Revenue from the third largest customer	private sector client 2	The United Arab Emirates	540,105	%2,6
4	Revenue from the fourth largest customer	private sector client 3	The United Arab Emirates	486,897	%2,3
5	Revenue from the fifth largest customer	private sector client 4	The United Arab Emirates	467,163	%2,2
<b>The total revenue of the five largest customers</b>				<b>18,140,678</b>	<b>%86.5</b>
<b>rest of the clients</b>				<b>2,830,754</b>	<b>%13.5</b>
<b>Total revenue</b>				<b>20,971,432</b>	<b>%100</b>

Source: company information

Table No. (13) Revenues by main customers for the period ending on 12/31/2021

No	Statement	customer name	Country	Revenue SAR	% Of total revenue
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1	Revenue from the largest client	government customer	KSA	30,383,193	%62,0
2	Revenue from the second largest customer	private sector client 1	KSA	6,710,693	%13,7
3	Revenue from the third largest customer	private sector client 2	The United Arab Emirates	2,674,419	%5,5
4	Revenue from the fourth largest customer	private sector client 3	KSA	2,332,500	%4,8
5	Revenue from the fifth largest customer	private sector client 4	The United Arab Emirates	1,526,133	%3,1
<b>The total revenue of the five largest customers</b>				<b>43,626,938</b>	<b>%89.0</b>
<b>rest of the clients</b>				<b>5,387,587</b>	<b>%11.0</b>
<b>Total revenue</b>				<b>49,014,525</b>	<b>%100</b>

Source: company information

Table No. (14) Revenues by main customers for the period ending on 30/06/2022

No	Statement	customer name	Country	Revenue SAR	% Of total revenue
1	Revenue from the largest client	government customer	KSA	17,291,356	%57,04
2	Revenue from the second largest customer	private sector client 1	KSA	4,287,241	%14,14
3	Revenue from the third largest customer	private sector client 2	KSA	2,233,045	%7,37
4	Revenue from the fourth largest customer	private sector client 3	KSA	1,594,688	5%62,
5	Revenue from the fifth largest customer	private sector client 4	The United Arab Emirates	1,327,919	%4,38
<b>The total revenue of the five largest customers</b>				<b>26,734,249</b>	<b>%88.19</b>
<b>rest of the clients</b>				<b>3,580,740</b>	<b>%11.81</b>
<b>Total revenue</b>				<b>30,314,989</b>	<b>%100.00</b>

Source: company information

### 3-3-5 Revenues inside and outside the Kingdom of Saudi Arabia

It should be noted that the company generates a percentage of its revenues from outside the Kingdom, and the following table shows the revenues inside and outside the Kingdom:

Table No. (15) Revenues inside and outside the Kingdom of Saudi Arabia

Statement	The fiscal year ending on December 31, 2020 AD (In thousands of riyals)	proportional representation (%)	As in 30 June 2021 AD (In thousands of riyals)	proportional representation (%)	fiscal year ending on December 31, 2021 AD (In thousands of riyals)	proportional representation (%)	As in 30 June 2022 AD (In thousands of riyals)	proportional representation (%)
Revenues within the Kingdom of Saudi Arabia	39,090	%85	19,477	%93	42,797	%87	27,402	% 90
<b>Revenues from outside the Kingdom of Saudi Arabia</b>								
Revenues of United emirates	5,915	%13	1,494	%7	6,217	%13	2,913	%10
Revenues of Egypt	900	%2	0	%0	0	%0	0	%0
<b>Total revenues outside the Kingdom of Saudi Arabia</b>	<b>6,815</b>	<b>%15</b>	<b>1,494</b>	<b>%7</b>	<b>6,217</b>	<b>%13</b>	<b>2,913</b>	<b>% 10</b>
<b>The company's total revenue</b>	<b>45,905</b>	<b>%100</b>	<b>20,971</b>	<b>%100</b>	<b>49,014</b>	<b>%100</b>	<b>30,315</b>	<b>% 100</b>

Source: company information

### 6-3-3- Company suppliers

The company relies in its operations on a group of independent suppliers with whom the relationship is based on contractual grounds. The following tables show the company's purchases from the company's largest suppliers for the period ending on 12/31/2020 AD and as for the period ending on 06/30/2021 AD and the period ending on 12/13/21 AD and the period ending on 06/30/2022 AD:

**Table No. (16) The company's suppliers for the period ending on 12/31/2020**

No	Statement	The transaction volume is SAR	A percentage of the cost of revenue of Knowledge Network Computer Company (%)	Service description
1	A company working in the field of project management and technology	3,168,086	%11,4	Computer development services
2	A company operating in the cooperative insurance sector	817,268	%2,9	Medical insurance services for employees
<b>Total to the largest suppliers</b>		<b>3,985,354</b>	<b>%14.3</b>	-

Source: company information

**Table No. (17) The company's suppliers for the period ending on 30/06/2021**

No	Statement	The transaction volume is SAR	A percentage of the cost of revenue of Knowledge Network Computer Company (%)	Service description
1	A company working in the field of project management and technology	3,158,826	%19,0	Computer development services
2	A company operating in the cooperative insurance sector	783,067	%4,7	Medical insurance services for employees
<b>Total to the largest suppliers</b>		<b>3,941,893</b>	<b>%23.7</b>	-

**Source: company information**

**Table No. (18) The company's suppliers for the period ending on 12/31/2021**

No	Statement	The transaction volume is SAR	A percentage of the cost of revenue of Knowledge Network Computer Company (%)	Activity
1	A company working in the field of project management and technology	6,317,652	%18,5	Computer development services
2	A company operating in the cooperative insurance sector	1,631,390	%4,8	Medical insurance services for employees
<b>Total to the largest suppliers</b>		<b>7,949,042</b>	<b>%23.3</b>	-

**Source: company information**

**Table No. (19) The company's suppliers for the period ending on 06/30/2022**

↑	Statement	The transaction volume is SAR	A percentage of the cost of revenue of Knowledge Network Computer Company (%)	The transaction volume is SAR
1	A company working in the field of project management and technology	8,553,682	%41,9	Computer development services
2	A company operating in the cooperative insurance sector	1,059,338	%5,2	Medical insurance services for employees
<b>Total to the largest suppliers</b>		<b>9,613,020</b>	<b>47.1%</b>	-

**Source: company information**

**Table No. (20) Revenues of KnowledgeNet computer company according to its subsidiaries and investee companies**

Company Name	Type	Country	The purpose of the company	ownership percentage (%)	Fiscal year 2020 AD (in thousands of riyals)	ratio of Total revenue (%)	Fiscal year 2021 (in thousands of riyals)	Percentage of Total Revenue (%)	The financial period ending on June 30, 2022 AD	Percentage of Total Revenue (%)	Business start date	comments
Knowledge Network Business Services Company	One person/limited liability company	KSA	strategic products	%100	25,792	%56	30,383	%62	17,291	%57	2021/01/01	The ownership of the project has been transferred to Knowledge Network for Business Services 2021
Knowledge Network Real Estate Company	One person/limited liability company	KSA	Real estate products	%50	782	%2	2,193	%5	562	%9	2020/10/20	-
Technical Solutions Company for Financial Technology	One person/limited liability company	KSA	strategic products	% 99,99	-	-	-	-	-	-	-	A newly established company that has not started its activity yet and is expected to start its activity on 30 September 2023
Softmore Corporation	Free Zone Company / Limited Liability Company	United Emirates	Automated account services	%100	-	-	(44)	-	(31)	-	-	Zana did not start her business; she is the expenses of establishing and renewing licenses and renting the place
PropertyNet Company	A limited liability company	United Emirates	Automated account services	%50	-	-	(16)	0	(139)	-	2020/10/30	The business has started and has not yet made a profit
V Central Holdings Limited Company	A private company limited by shares	United Emirates	Special purpose company	%45	-	-	-	-	-	-	-	A company established to own shares for an employee incentive program

Notebook Company for Information Technology	A limited liability company	KSA	Types of financial intermediation	%7,5	-	-	-	-	-	-	-	It has not started its activity yet and it is expected to start its activity30 September 2023
<b>Total</b>					<b>26,574</b>	<b>%58</b>	<b>32,516</b>	<b>%67</b>	<b>17,402</b>	<b>% 66</b>	-	-

Source: company information

### 3-4 Subsidiaries of the KnowldegeNet computer company and the investee companies

The following figure shows the subsidiaries and investee companies and KnowldegeNet computer company's ownership percentages in these companies

**Figure No. (1) KnowldegeNet computer company subsidiaries and investee companies**

KnowldegeNet computer company						
Real Estate Knowledge Network Co. Ltd	Knowledge Network Business Services Company	Softmore Corporation	Technical Solutions Company for Financial Technology Limited	PropertyNet Company	V Central Holdings Limited Company	Notebook Company for Information Technology
ownership percentage 50%	ownership percentage 100%	ownership percentage 100%	ownership percentage 99.99%	ownership percentage 50%	ownership percentage 45%	ownership percentage 7.5%

- **Subsidiary**
- **Investee Companies**



## 5. Dividend policy

The annual net profits of the company shall be distributed after deducting all general expenses and other costs as follows:

- 1) 10% of the net profits shall be set aside to form the company's statutory reserve. The Ordinary General Assembly may decide to stop this set aside once the said reserve reaches the paid-up capital.
- 2) The Ordinary General Assembly, based on a proposal by the Board of Directors, may set aside a percentage of the net profits to form an agreement reserve and allocate it for a specific purpose or purposes.
- 3) The Ordinary General Assembly may decide to form other reserves, to the extent that achieves the interest of the company or ensures the distribution of fixed profits as much as possible to the shareholders. The aforementioned assembly may also deduct from the net profits amounts to establish social institutions for the company's employees or to assist existing such institutions.
- 4) The remainder shall then be distributed among the shareholders as an additional share of the profits, or carried forward for the following years as approved by the General Assembly
- 5) By a decision of the Board of Directors, interim profits may be distributed on a quarterly or semi-annual basis - to be deducted from the annual profits specified in Paragraph (4) of this Article in accordance with the organizing rules issued by the competent authorities.
- 6) According to the company's audited financial statements, the following table shows the dividend distributions during the years 2021-2020G - June 30, 2022G

**Table No. (69) Dividend Distributions during the years 2020-2021**

Description	Net profit (SAR)	Declared dividends	group dividends	The ratio of declared dividends to net profit	Capital (SAR)	The percentage of dividends distributed from the paid-up capital
2020	706,90568	2,940.000	2,940.000	38,64%	1,500.000	196%
2021	105640923	0	0	%	35,000.000	0%
30 June 2022	402740439	0	0	%	35,000.000	0%

**Source: company information**

Although the company has distributed dividends during the previous years, it does not provide any guarantees of dividend distribution in the future.

### General Assembly approvals regarding dividend decisions

According to the minutes held on 11/22/1441 AH corresponding to 13/06/2020 AD, the partners agreed to distribute interim profits to shareholders in the amount of two million nine hundred and forty thousand (2,940.000 Saudi riyals), through retained earnings, for the period from 2020/ 01/01 to 12/31/2020

## 6. Use of the offering proceeds

The net offering proceeds amounting to \*\*\*\*\* (Saudi Riyals) will be distributed to the selling shareholders according to the number of shares owned by each selling shareholder of the offered shares. The company will not receive any amounts from the offering proceeds and will pay about one million two hundred thousand (102,000,000) Saudi riyals. Such as subscription expenses, which include the fees of the financial advisor and subscription manager, the expenses of opening a trust account, marketing expenses, in addition to printing and distribution expenses, and other expenses related to the offering.

## **7 Declarations of the members of the Board of Directors**

The members of the Board of Directors of the company acknowledge the following:

- There was no interruption in the business of the issuer or any of its subsidiaries that could have or had a significant impact on the financial position during the last 12 months.
- No commissions, discounts, brokerage fees, or any other non-cash compensation were granted by the Issuer or any of its subsidiaries during the year immediately preceding the date of the application for registration and offering of shares in connection with the issuance or offering of any shares.
- There was no material negative change in the financial and commercial position of the issuer or any of its subsidiaries during the year immediately preceding the date of submitting the application for registration and offering of shares.
- Other than what is stated in pages (C, 38 (41-42) of this Prospectus, the members of the Board of Directors or any of their relatives do not have any shares or interest of any kind in the Issuer or any of its subsidiaries.
- The company is not subject to any lawsuits or legal procedures that may individually or as a whole materially affect the company's business or its financial position.
- No member of the Board of Directors shall engage in business competing with the business of the company.
- That there are no other facts that could affect the application for offering and registering shares that are not included in this Prospectus.
- The company has obtained all the basic licenses and approvals required to carry out its activities.
- The company has obtained all necessary approvals to offer and register its shares in the parallel market.
- Except for what was mentioned in the risk factors section, the members of the Board of Directors are not aware of any other material risks that may affect the decision of potential investors in the company's shares.
- The members of the Board of Directors are not subject to any legal procedures that may, individually or in their entirety, materially affect the company's business or its financial position.
- There is no authority that gives a member of the Board of Directors or the CEO the right to vote on bonuses granted to them.
- There is no authority that allows members of the Board of Directors or senior executives the right to borrow from the source.
- That no member of the Board of Directors of the company or any of the members of the executive management of the company or the secretary of the Board of Directors has been declared bankrupt, and none of them has ever been subject to any bankruptcy procedures.
- The issuer undertakes and acknowledges the appointment of vacant positions in the executive management mentioned in section (1-4-4) "Executive management cadre" regarding the appointment of a manager
- Internal audit and operations control on 2023/02/28 AD.
- Other than dealings with related parties mentioned in Risk No. (2-1-4) Risks Related to Transactions with Related Parties, the company does not have any dealings with other related parties, and the company pledges to obtain the approval of the general assembly of the company's shareholders on all commercial transactions with future related parties, and that all business and contracts with related parties will be voted on in the association
- the general shareholders of the company without giving the right to the shareholders who have an interest in those contracts to vote on them.
- The company does not have any disputes or claims for existing zakat differences by the General Authority for Zakat and Income.

## **8. Information related to the shares and the offering terms and conditions**

The company submitted an application to the Capital Market Authority to offer its shares in the parallel market in accordance with the requirements of the Rules for Offering Securities and Continuing Obligations issued by the Capital Market Authority. This prospectus has been approved and all supporting documents required by the Authority have been submitted and all official approvals necessary for the process of offering shares in the parallel market have been obtained.

All qualified investors from the public must read the terms and conditions of the offering carefully before completing the filling of the subscription application form, as signing the subscription application form and handing it over to the subscription manager is considered an acknowledgment of acceptance and approval of the aforementioned terms and conditions of the offering.

### **8-1 Subscription**

The initial offering of seven hundred thousand (700,000) shares, which represents 20% of the company's capital, will take place at a nominal value of ten (10) Saudi riyals per share, and will be offered for subscription in the parallel market at the price of \*\*\* (\*\*) Saudi riyals per share With a total value of \*\* (\*\*) Saudi riyals, subscription to the offering shares, according to the requirements of the rules for offering securities and continuing obligations, is limited to qualified investors from the public, the qualified investors, who are:

- 1) Financial market institutions acting for their own account.
- 2) Clients of a financial market institution licensed to practice management business, provided that the financial market institution has set conditions that enable it to take decisions regarding accepting participation in the offering and investing in the parallel market on behalf of the client without the need to obtain his prior approval.
- 3) The government of the Kingdom, or any government agency, or any international body recognized by the Authority, or the market, or any other financial market recognized by the Authority, or the Depository Center.
- 4) Companies owned by the government directly or through a portfolio managed by a financial market institution licensed to engage in management business.
- 5) Companies and funds established in the countries of the Cooperation Council for the Arab States of the Gulf.
- 6) investment funds.
- 7) Non-resident foreigners who are allowed to invest in the parallel market and who meet the requirements stipulated in the Guidelines for the investment of non-resident foreigners in the parallel market.
- 8) Qualified foreign financial institutions.
- 9) Any other legal persons who may open an investment account in the Kingdom and an account with the Depository Center.
- 10) Natural persons who may open an investment account in the Kingdom and an account with the Depository Center, and who meet any of the following criteria:
  - A. That he has made transactions in the securities markets, the total value of which is not less than forty million Saudi riyals, and not less than ten transactions in each quarter during the past twelve months.
  - B. The value of his net assets shall not be less than five million Saudi riyals.
  - C. Work or have worked for at least three years in the financial sector.
  - D. To have obtained the General Certificate of Dealing in Securities approved by the Authority.
  - E. To have a professional certificate specialized in the field of securities business accredited by an internationally recognized body.
- 11) Any other persons specified by the Authority.

### **8-2 How to apply for subscription**

The subscription application will be made available to the subscribers during the offering period through the electronic subscription system of the subscription manager “Osool & Bakheet Investment Company”, through which qualified investors will be able to subscribe to the offering shares, and the subscriber will have to fulfill the subscription requirements described in the subscription form and in this prospectus. The subscriber must agree to all terms and conditions and complete all relevant sections of the subscription form. The company also has the right to reject any subscription application in whole or in part if any of the subscription terms and conditions are not met or the necessary instructions are not followed. It is also not permissible to make any amendment to the subscription application form or withdraw it after its submission, as the subscription application form, once completed, represents a legally binding agreement between the company and the subscriber. Each subscriber must pay the full value of the subscribed shares by making a direct transfer to the subscription account, which will be clarified in the electronic subscription application form. Allocated to him unless these shares exceed the shares for which he is applying for subscription.

Financial advisor representatives Amwal Financial Company	
Mr. Mahmoud Ahmed El-Sayed CEO position Email: <a href="mailto:malsayyed@amwal.com.sa">malsayyed@amwal.com.sa</a>	Mr. Haitham Ezzat Salameh Ranking Manager position Email: <a href="mailto:hsalamah@amwal.com.sa">hsalamah@amwal.com.sa</a>
Al-Rajhi Union Building - Riyadh - Abu Bakr Al-Siddiq Road - Al-Waha District Kingdom of Saudi Arabia P.O. Box 27026, Riyadh 11417 Tel +977-11-1911000 Fax: +966-11-2921110 Website: <a href="http://www.amwal.com.sa">www.amwal.com.sa</a>	
Underwriting manager Osool and Bakheet Investment Company	
Bahrain Tower - Mezzanine floor, King Fahd Road, Riyadh Kingdom of Saudi Arabia Riyadh 11526 P.O. 63,762 Tel: +966-11-191797 Fax: +966-11-46-4116 +977-11-19-1199, Website: <a href="http://www.obic.com.sa">www.obic.com.sa</a>	

### 8-3 The offering period and conditions

Subscription will be available to qualified investors starting from Sunday 06/08/1444 corresponding to 2023/02/26G until Thursday 10/08/1444H corresponding to 02/03/2023 Upon completion of the subscription application, the subscription manager will notify the subscriber of this by means of a text message. In the event that the subscription application is incomplete or the information provided therein is incorrect, the subscription application shall be considered void.

Qualified investors must subscribe electronically during the offering period through the electronic subscription system of the subscription manager "Osool and Bakheet Investment Company". To prove his qualification to invest in the parallel market.

Upon submitting the subscription application, each subscriber must pay the full value of the subscribed shares by making a direct transfer to the subscription account, which will be clarified in the electronic subscription application form. The company or subscription manager may reject the subscription application in whole or in part if the application does not meet the conditions. and the provisions of the offering, and the subscriber will accept the number of shares allocated to him, as long as these shares do not exceed the number of shares requested for subscription.

The subscriber must specify the number of shares to be subscribed for in the subscription application form, so that the total subscription amount is the product of multiplying the number of shares required to be subscribed to, at the offer price of \* \* \* \* (Saudi riyals) per share, the minimum subscription is ten (1) shares While the maximum subscription limit is one hundred and seventy-four thousand nine hundred and ninety-nine (174,999) shares.

### 8-4 Notification of allocation and return of surplus

The subscription manager will open a bank account to receive the subscription amounts, and each subscriber must transfer the subscribed amounts to the aforementioned subscription account, which will be clarified in the electronic subscription application form. Qualified investors must also submit the subscription application to the subscription manager, through the subscription manager's electronic subscription system, through which qualified investors will be able to subscribe to the offering shares, provided that the subscription application is submitted no later than 4:00 pm on the closing date. The application for subscription to the offering shares must be accompanied by all the supporting documents required as per the instructions, and by completing the subscription application, the subscriber acknowledges that he has received and read this prospectus and accordingly acknowledges his desire to subscribe to the shares offered as indicated in the subscription application.

The offered shares will be subscribed for by completing the subscription application and transferring the funds directly to the subscription account for the offering process according to the subscription form. After the end of the offering period, the allocation will be announced by notifying the investors no later than Tuesday 08/15/1444H (corresponding to 03/07/23G). The shares offered for subscription will be allocated according to what the financial advisor proposes in consultation with the issuer, and the surplus will be refunded no later than Thursday 17/08/1444H (corresponding to 09/03/23G), and there will be no commissions or deductions from the receiving entity. for the offering proceeds.

### 8-5 variety provisions

- 1) The subscription application and all related terms, conditions and undertakings shall be binding and for the benefit of the subscription parties, their successors and assigns, executors of wills, estate managers and heirs. It is not permissible to waive the subscription application or any rights, interests or obligations arising from it or delegate any of them by the parties to the subscription without obtaining Prior written consent from the other party.

- 2) These operations and terms and any subscription application or contracts resulting therefrom shall be subject to the Kingdom's regulations and shall be interpreted and implemented in accordance with them.
- 3) This prospectus will be published in Arabic after being approved by the Capital Market Authority.

## **8-6 The times and circumstances in which the offering may be suspended**

### **8-6-1 The power to suspend trading or cancel the listing**

- A. The Authority may suspend trading or cancel the listing at any time as it deems appropriate, in any of the following cases:
  - 1) If it deems it necessary to protect investors or to maintain an orderly market.
  - 2) If the issuer fails, in a way that the Authority considers material, to comply with the Capital Market Law, its implementing regulations, or the rules of the market
  - 3) If the issuer does not pay any financial consideration due to the Authority or the market or any fines due to the Authority on time.
  - 4) If it deems that the issuer, its business, level of operations, or assets are no longer suitable for the continued listing of its securities in the Market.
  - 5) When announcing a reverse takeover does not include sufficient information regarding the proposed transaction. In the event that the issuer announces sufficient information related to the target entity, and the Authority is satisfied after announcing the issuer that there will be sufficient information available to the public about the proposed transaction for the reverse acquisition, then the Authority may decide not to suspend trading at this stage.
  - 6) When information about the proposed reverse takeover transaction is leaked, and the issuer is unable to accurately assess its financial position and is unable to inform the market accordingly
  - 7) If the liquidity requirements specified in Paragraph (b) of Article 41 of the Listing Rules have not been met after the lapse of the period specified in Subparagraph (1) of Paragraph (d) of Article 43 of the Listing Rules.
  - 8) Upon registering the application for opening a financial reorganization procedure for the issuer whose accumulated losses amounted to 50% or more of its capital with the court under the bankruptcy law.
  - 9) When registering the application for opening the liquidation procedure or the administrative liquidation procedure for the issuer with the court under the bankruptcy law.
  - 10) Upon issuance of the final court ruling terminating the financial reorganization procedure and opening the liquidation procedure or the administrative liquidation procedure for the issuer under the bankruptcy law.
  - 11) Upon issuance of the final court ruling opening the liquidation procedure or the administrative liquidation procedure for the issuer under the bankruptcy law.
- B. The lifting of the trading suspension imposed under Paragraph (a) above is subject to the following considerations:
  - 1) Adequately addressing the conditions that led to the suspension, and the lack of necessity for the continuation of the suspension to protect investors
  - 2) The lifting of the suspension is likely not to affect the normal activity of the market.
  - 3) The issuer's commitment to any other conditions that the Authority deems appropriate.
  - 4) Upon the issuance of the court's final judgment opening the financial reorganization procedure for the issuer under the bankruptcy law, unless it was suspended from carrying out its activities by the relevant competent authority, in the event that the suspension was in accordance with subparagraph (13) of Paragraph (a) of Article thirty-six of the Rules listing.
  - 5) When the final court ruling is issued refusing to initiate the liquidation procedure or the administrative liquidation procedure according to the bankruptcy law, unless it is suspended from carrying out its activities by the relevant competent authorities, in the event that the suspension is in accordance with subparagraph (14) of paragraph (a) of Article thirty-six Listing rules.

- .C The market suspends trading of the issuer's securities in any of the following cases:
  - 1) when the issuer does not adhere to the deadlines set for disclosing its periodic financial information in accordance with the relevant implementing regulations
  - 2) When the auditor's report on the financial statements of the issuer includes an opposing opinion or abstention from expressing an opinion.
  - 3) If the liquidity requirements specified in Chapters Two and Eight of the Listing Rules have not been met after the deadline set by the Market for the issuer to rectify its situation has passed, unless the Authority agrees otherwise.
  - 4) When a decision is issued by the extraordinary general assembly of the issuer to reduce its capital, for the two trading days following the issuance of the decision.
- D. The Market shall lift the suspension referred to in sub-paragraphs (1), (2) and (3) of Paragraph (C) above, after the lapse of one trading session following the absence of the reason for the suspension. Not to exceed five trading sessions following the absence of the reason for suspension.
- E. The Market may, at any time, propose to the Authority to suspend the trading of any listed securities or to cancel their listing if it deems that any of the cases mentioned in Paragraph (a) above are likely to occur.
- F. The issuer whose trading of securities has been suspended must continue to abide by the Law, its implementing regulations and market rules.
- G. If the suspension of trading in securities continues for a period of (1) months without the issuer taking appropriate measures to correct that suspension, the Authority may cancel the listing of the issuer's securities.
- H. When the issuer completes a reverse takeover, the issuer's shares are delisted. If the issuer wishes to re-list its shares, it must submit a new application to list its shares
- I. In accordance with the listing rules and fulfilling the relevant requirements stipulated in the Rules for Offering Securities and Continuing Obligations.
- J. These items do not prejudice the suspension of trading or the cancellation of the listing resulting from the company's losses based on the implementing regulations and the relevant market rules.

#### **8-6-2 Optional cancellation or suspension of the listing**

- A. An issuer whose securities have been listed on the market may not cancel or suspend the listing except with the prior approval of the Authority. To obtain the approval of the Authority, the issuer must submit a cancellation request to the Authority with a simultaneous notification to the market of that, and the application must include the following information:
  - (1) Specific reasons for requesting cancellation or suspension.
  - (2) A copy of the disclosure referred to in paragraph (d) below.
  - (3) A copy of the relevant documents and a copy of any document sent to the shareholders, if the cancellation of the listing is a result of an acquisition or any other action taken by the issuer.
  - (4) Names and contact information of the financial advisor and legal advisor appointed under the relevant implementing regulations.
- B. The Authority may, at its discretion, accept or reject a request for cancellation.
- C. The issuer must obtain the approval of the Extraordinary General Assembly to cancel the listing after obtaining the approval of the Authority
- .D For delisting at the issuer's request, the issuer must disclose that to the public as soon as possible. The disclosure must include at least the reason for the cancellation, the nature of the event that led to it and the extent of its impact on the activities of the exporter.

#### **6-8-3 Temporary suspension**

- A. The issuer may request suspension of trading its securities temporarily upon the occurrence of an event during the trading period that must be disclosed - without delay in accordance with the Capital Market Law or its implementing regulations or the rules of the market. to order

- B. When trading is suspended temporarily without the issuer's request, the issuer must disclose to the public, as soon as possible, the reason for the suspension, the expected duration, the nature of the event that led to it, and the extent of its impact on the activities of the issuer.
- C. The Authority may suspend trading temporarily without a request from the issuer when it has information or there are circumstances that may affect the activities of the issuer and it deems that these circumstances may affect market activity or prejudice the protection of investors, and the issuer whose securities are subject to temporary suspension of trading must continue to comply the financial market system and its implementing regulations and market rules.
- D. The Market may propose to the Authority to exercise its powers in accordance with Paragraph (C) mentioned above if it discovers information or circumstances that may affect the activities of the issuer and are likely to affect the activity of the Market or the protection of investors.
- E. The temporary suspension of trading shall be lifted at the end of the period specified in the disclosure referred to in paragraph (b) above, unless the Authority or the Market deems otherwise.

#### **4-6-8 Re-registration and acceptance of listing of securities previously de-listed**

If the issuer wishes to re-list its shares after their cancellation, it must submit a new application to list its shares in accordance with the listing rules and fulfill the relevant requirements stipulated in the Rules on the Offer of Securities and Continuing Obligations.

#### **8-7 The decisions and approvals under which the shares will be offered**

The decisions and approvals according to which the company will offer shares for subscription are as follows:

- 1) The decision of the company's board of directors to offer shares for subscription in the parallel market.  
In its meeting held on 01/23/1444H (corresponding to 21/08/22G), the Board of Directors of the Company recommended offering and listing the Company's shares in the Parallel Market. The approval of the Company's Extraordinary General Assembly, in its meeting held on 01/23/1444H (corresponding to 11/07/2022G), to offer the company's shares in the parallel market.
- 2) Approval of the Capital Market Authority The approval of the Capital Market Authority was obtained for the request to offer the company's shares in the parallel market, Nomu, on 04/06/1444H corresponding to (28/12/22G).  
The approval of the Saudi Tadawul Company "Tadawul" Saudi Arabia for offering and listing in the parallel market
- 3) Approval was obtained from the Saudi Tadawul Group for listing on 03/29/1444 AH corresponding to (25/10/2022 AD).  
Existing arrangements to prevent the disposal of certain shares

#### **8-8 Subscription undertakings**

The shareholders mentioned on page (n) of this Prospectus are prohibited from disposing of their shares for a period of (13) twelve months from the date of trading of the company's shares in the parallel market. Other than the period of prohibition imposed by the Authority on major shareholders, there are no other existing arrangements that prevent the disposal of certain shares.

## **9. Subscription undertakings**

### **9-1 Acknowledgments of the subscribers**

By filling out and submitting the subscription application form, the subscriber:

- He agrees to subscribe to the company with the number of shares mentioned in the subscription application he submitted.
- He acknowledges that he has read this prospectus and all its contents, studied it carefully and understood its content.
- Approves the company's Articles of Association and all offering instructions and provisions and conditions contained in this prospectus and subscription application form, and subscribes to the shares accordingly.
- Confirms that he has not waived his right to claim the company and return to it for any damage resulting from the fact that this prospectus contains incorrect or insufficient material information, or as a result of omission of material information that directly affects the subscriber's acceptance of the subscription if it was added in the prospectus.
- He declares that he and any member of his family included in the subscription application form have not previously submitted an application to subscribe to the shares of the company, and that the company has the right to reject any or all of his applications in the event of a repeat application for subscription.
- He accepts the number of offering shares allotted to him within the limits of the amount he subscribed for as a maximum) according to the subscription application and he also accepts all subscription terms and instructions
- contained in the subscription application and in this prospectus. He undertakes not to cancel or amend the application after submitting it to the Subscription Manager.

### **9-2 Stock register and dealing arrangements**

Tadawul maintains a register of shareholders containing their names, nationalities, residence addresses, professions, the shares they own and the amounts paid from these shares.

### **9.3 Saudi Tadawul Company (Saudi Tadawul)**

The Saudi Tadawul Company was established in Riyadh on March 30, 2021 AD as a one-person closed joint stock company under Commercial Registration No. 11,697.67 dated 17/08/1442 AH. As at the date of this prospectus, its authorized and paid-up capital is 600 million Saudi riyals, divided into 60 million shares, with a nominal value of ten (10) Saudi riyals per share. The activity of the Saudi Tadawul Company, according to its commercial registration, includes the listing and trading of securities and the provision of market information. Its main operations include managing the market, providing a platform through which trading in securities listed in the market is enabled and it allows listed companies access to financing and allows investors to invest in existing securities listed in the market.

### **9-4 Trading System**

Tadawul system was established in 2001 AD, as an alternative system to the electronic securities information system, and electronic trading of shares began in the Kingdom in 1990 AD, and the trading process takes

place through an integrated electronic system starting from the execution of the transaction and ending with the settlement, and trading takes place every working day of the week From Sunday to Thursday, in one period from 10 am to 3 pm, during which orders are executed. Outside these times, orders are allowed to be entered, modified, and canceled from 9:30 am until 9:30 am. a.m., these times change during Ramadan and are announced by Tadawul.

Deals are executed through automated matching of orders, and orders are received and prioritized according to the price. In general, market orders are executed first (which are the orders that include the best prices, followed by orders with a fixed price, and if several orders are entered at the same price, they are executed according to the timing of the entry.

The Tadawul system distributes a comprehensive range of information through various channels, most notably the Tadawul website, and market data is provided instantly to well-known information providers such as Reuters. Deals are settled within two working days, meaning that the transfer of ownership of shares takes place two working days after executing the deal.

The issuer shall disclose all decisions and information of interest to investors through the Tadawul system. It is the responsibility of the Tadawul Department to monitor the market in order to ensure fair trading and the efficiency of market operations.

#### **9-5 Trading shares in the parallel market**

An application has been submitted to the Capital Market Authority to register and offer the company's shares in the parallel market. An application has also been submitted to the Saudi Tadawul Company (Saudi Tadawul) to list the company's shares in the parallel market. It is expected that trading of the company's shares will begin after the final allocation of those shares and after completing all relevant regulatory procedures. And Tadawul will announce the trading date of the shares at the time, and the dates and times mentioned in this prospectus are considered preliminary dates mentioned for inference only, and they can be changed or extended with the approval of the Capital Market Authority.

It is not possible to trade in the offered shares except after approving the allocation of shares in the shareholders' accounts in Tadawul, registering the company in the official list, and listing its shares in Tadawul, and trading in shares is completely prohibited before the official trading, and investors who deal in those activities that are prohibited from trading bear full responsibility And the company will not bear any legal responsibility in this case.

Trading of shares listed in the parallel market is limited to qualified investors from the public, please refer to Section (1) Definitions and Terms.

#### **10. Incomplete offering procedures**

If the offering is not completed on the date specified for the end of the offering process indicated in this prospectus (please see "Offering Summary" page (f) of this prospectus), the financial advisor will, within ten days (10 days) from the end of the offering period, notify the Authority in writing that the offering is not completed and that Then he will notify the subscribers, and in coordination with the subscription manager, the amounts collected from the subscribers (if any) will be returned without deducting any commissions or fees.

The company affirms its commitment to any decisions, instructions or procedures issued by the Capital Market Authority in the event that the offering is not completed.

#### **11. Documents available for preview**

The following documents will be available for inspection by the Lead Manager, the company and the financial advisor, during business days from 2/1444/08H (corresponding to 23/2/2023) to 08/09/1444H (corresponding to 2/3/ 2023), between 9:00 am to 4:00 pm within a period of not less than 7 days before the

end of the offering period

- 1) The company's commercial register.
- 2) Policy of the company.
- 3) The company's Memorandum of Association and its latest amendment.
- 4) The decision of the company's board of directors approving the registration, offering and listing of the company's shares in the Saudi financial market (Parallel Market Nomu).
- 5) The approval of the Extraordinary General Assembly on the recommendation of the Board of Directors to register, offer and list the company's shares in the Saudi Stock Exchange (Parallel Market Nomu).
- 6) The Saudi Tadawul Company's approval of the application for listing in the Saudi financial market, the Parallel Market (Nomu).
- 7) Approval of the Capital Market Authority on the application for registration and offering in the Saudi financial market (Parallel Market - Nomu).
- 8) The company's audited financial statements for the fiscal year ending on December 31, 2021 AD, and the reviewed financial statements as of June 30, 2022 AD
- 9) Letters of approval to include the name, logo and statement in the prospectus for:
  - Financial advisor to the company "Amwal Financial Company".
  - IPO Manager "Osool & Bakheet Investment Company".
  - The chartered accountant of the company Baker "Teley MKM and Partners".



## Content list



The financial statements reviewed as of the period ending on 30 June 2022

The audited financial statements for the year ending December 31, 2021



**Knowledge Net. Co. for Computers**

**(closed Saudi joint stock company)**

**consolidated financial statements**

**For the year ending 31 December 2021 and the report of the independent auditor**

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## **Independent reviewer report**

To the gentlemen shareholders

KnowledgeNet computer company

(a closed Saudi joint stock company)

Riyadh, Saudi Arabia

Report on the audit of the consolidated financial statements

### **Opinion**

We have reviewed the consolidated financial statements of Knowledge Network Computer Company (the “Company”) and its subsidiaries (the Group), which include the consolidated statement of financial position as at December 31, 2021, the consolidated statement of profit or loss and other comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year ending on that date, and the notes attached to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Group as at December 31, 2021, and its consolidated financial performance and its consolidated cash flows for the year ending on that date, in accordance with International Financial Reporting Standards endorsed in the Kingdom of Saudi Arabia and the standards and publications Others accredited by the Saudi Organization for Auditors and Accountants.

### **Basis of opinion**

We conducted our audit in accordance with International Standards on Auditing that are endorsed in the Kingdom of Saudi Arabia, and our responsibilities under those standards are further described in the Auditor’s Responsibilities for the Audit of the Consolidated Financial Statements section of our report. We are independent of the Group in accordance with the professional code of conduct and ethics endorsed in the Kingdom of Saudi Arabia that is relevant to our audit. We have also fulfilled our other ethical responsibilities. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Responsibilities of management and those charged with governance for the consolidated financial statements  
The management is responsible for the preparation of the consolidated financial statements and their fair presentation in accordance with International Financial Reporting Standards approved in the Kingdom of Saudi Arabia and other standards and versions approved by the Saudi Organization for Auditors and Accountants and in accordance with the provisions of companies and the company’s articles of association, and it is responsible for the internal control that management deems necessary to enable it to prepare consolidated financial statements that are free from material misstatement, whether due to fraud or error.

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

Those charged with governance, ie the Board of Directors, are responsible for overseeing the Group's financial reporting process. Auditor's responsibilities for the audit of the consolidated financial statements Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but it does not guarantee that an audit conducted in accordance with Standards on Auditing endorsed in the Kingdom of Saudi Arabia will always detect a

material misstatement where 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 consolidated financial statements.

As part of the audit process, which is conducted in accordance with International Standards on Auditing, endorsed in the Kingdom of Saudi Arabia, we exercise professional judgment and maintain professional skepticism throughout the audit. We also do the following: Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, Design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, because fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

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

Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

Conclude on the appropriateness of management's use of the going concern basis of accounting, and whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern based on the audit evidence obtained. If we conclude that a material uncertainty exists, we are required to draw attention in our report to the related disclosures in the consolidated financial statements, or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of the auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.

Evaluating the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the transactions and events they represent in a manner that achieves fair presentation.

Obtain sufficient appropriate audit evidence regarding the financial information of the companies or business activities within the Group, to express an opinion on the consolidated financial statements We are responsible for directing, supervising and performing the Group audit. We remain solely responsible for the audit opinion.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during the audit.

**Bakertilly** & Partners Chartered Accountants

Majid Mounir Al-Nimr

Chartered Accountant - License No. (381)

Riyadh

Shawwal 17, 1443 Corresponding to May 18, 2022

**Knowledge Net. Co. for Computer**

**A closed Saudi joint stock company**

**The consolidated statement of financial position as at December 31, 2021**

	Note	2021	2020
Assets			
non-current assets			
Property and equipment, net	6	1,359,840	764,954
net intangible assets	7	12,093,581	8,174,535
Investments in equity instruments	8	19,998,953	-
Investments in an associate company	9	30,006	235,750
Fundamentals of right of use	10	461,144	773,230
Total non-current assets		33,943,524	10,007,469
Current assets			
stock		-	163,576
requested by related parties	11	38,800	298,444
commercial debtors	12	4,742,712	6,064,593
Contract assets		7,220,728	6,990,753
Prepaid expenses and other debit balances	13	2,497,517	1,067,203
Cash and equivalent	14	8,903,767	4,467,323
total current assets		23,403,524	19,051,892
Total assets		57,347,048	29,059,361
property rights and obligations			
Property rights			
Capital	15	35,000,000	1,500,000
statutory reserve	16	907,325	750,000
Retained earnings		6,602,264	16,590,469
Ownership rights of partners		42,509,589	18,840,469
non-controlling interest		42,931	-
Total equity		42,552,520	18,840,469
Obligations			
non-current liabilities			
Employee defined benefit obligation	17	3,997,303	5,276,622
Lease obligations	10	136,165	298,754
Total non-current liabilities		4,133,468	5,678,376
current liabilities			
Lease obligations The current part	10	286,525	286,525
Contract liabilities (unrealized revenue)		7,311,121	37,659
required to related parties	11	-	58,541
Accrued expenses and other credit balances	18	2,642,344	3,759,331
Zakat	19	421,070	398,460
Total current liabilities		10,661,020	4,540,516
total liabilities		14,794,528	10,218,892
Total equity and liabilities		57,347,048	29,059,366

Chief Financial Officer	Chief executive officer	Chairman of Board of Directors
Mr. Saeed Hamza	Mr. Mohamed Ahmed Attia	Mr. Mohammed Mansour
The accompanying notes form an integral part of these consolidated financial statements		

**Knowledge Net. Co. for Computer**

**A closed Saudi joint stock company**

**Consolidated statement of comfort or loss and other comprehensive income at December 31, 2021**

	Note	2021	2020
Revenues	20	49,014,525	45,905,672
Revenue cost		(34,137,124)	(27,806,350)
total profit		(14,877,401)	18,099,322
Selling and marketing expenses	21	(4,737,135)	(3,584,141)
General and administrative expenses	22	(7,585,670)	(6,731,775)
Impairment losses on investments in equity instruments	8	(4,797)	-
The company's share of the business results of an associate company	9	(690, 10)	-
financing expenses	23	(71,453)	(117,791)
Other income		197,722	359,895
Profit for the year before zakat		1,985,993	8,027,010
zakat	19	(421,070)	(417,442)
net profit for the year		1,564,923	7,609,568
Other comprehensive income			
It is intended to be subsequently reclassified to profit or loss			
The company's share of other comprehensive income of an associate	9	6,946	-
Re-measure employee benefits	17	2,099,172	261,747
Other comprehensive income		20106,118	261,747
Total comprehensive income for the year		3,671,041	7,871,310
Profit for the year relating to:			
main company		1,573,252	7,609,568
non-controlling interest		(8,329)	-
		1,564,923	7,609,568
Total comprehensive income for the year relating to:			
main company		3,679,370	7,821,310
non-controlling interest		(8,329)	-
		3,671,041	7,871,315
Basic and diluted earnings per share attributable to the shareholders of the parent company	27	0,82	5,07

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**Knowledge Net. Co. for Computer**

**A closed Saudi joint stock company**

**Consolidated statement of changes in equity at December 31, 2021**

	Note	Capital	Statutory reserve	Retained earnings	Total shareholder equity	Non-controlling interest	Total equity
For the year ending 31 December 2021							
As on January 1, 2021		1,500,000	750,000	16,590,469	18,840,469	-	18,840,469
Capital increase	15	33,500,000	-	(13,510,250)	19,989,750	-	19,989,750
net profit for the year		-	-	1,573,252	1,573,252	(8,329)	1,564,923
Other comprehensive income for the year		-	-	2,106,118	2,106,118	-	2,106,118
Total comprehensive income for the year		-	-	3,679,370	3,679,370	(8,329)	3,671,041
transferred to the statutory reserve		-	157,325	(157,325)	-	-	-
Net movement during the year		-	-	-	-	51,260	51,260
As at December 31, 2021		35,000,000	907,325	6,602,264	42,509,589	42,931	42,552,520
For the year ending 31 December 2020							
As on January 1, 2020		1,500,000	750,000	11,659,154	13,909,154	-	13,909,154
net profit for the year		-	-	7,609,568	7,609,568	-	7,609,568
Other comprehensive income for the year		-	-	261,747	261,747	-	261,747
Total comprehensive income for the year		-	-	7,871,310	7,871,315	-	7,871,315
Dividend	24	-	-	(2,940,000)	(2,940,000)	-	(2,940,000)
As on December 31, 2020		1,500,000	750,000	16,590,469	18,840,469	-	18,840,469

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**Knowledge Net. Co. for Computer**
**A closed Saudi joint stock company**
**Consolidated statement of cash flows at December 31, 2021**

	<b>2021</b>	<b>2020</b>
cash flows from operating activities		
Profit for the year before zakat	1,985,993	8,027,010
Modifications to:		
Consumption	448,241	254,774
Amortization of intangible assets	1,632,609	1,184,363
Amortization of the right to use the assets	271,086	81,029
Bad debts	-	32,777
Impairment losses on investments in equity instruments	4,797	-
The company's share of the business results of an associate company	690,975	-
Profits from the sale of property and equipment	(874)	-
component of employee defined benefits	1,722,946	1,344,211
financing expenses	71,453	116,391
Changes in operating assets and liabilities:		
Inventory	163,576	255,731
commercial debtors	1,321,881	(2,420,958)
Contract assets	(229,875)	(967,759)
Prepaid expenses and other debit balances	(1,430,314)	(569,964)
Contract liabilities (unrealized revenue)	7,273,462	(8,354,764)
Required from related parties	201,103	(550,054)
Accrued expenses and other credit balances	(1,116,987)	973,406
Cash generated from operating activities	13,009,072	593,907
paid out of employee defined benefits	(953,610)	165,886
paid from zakat	(398,460)	(360,914)
Paid financing expenses	(23,936)	(15,283)
Net cash available from the user in operating activities	11,633,066	(1,180,99.)
cash flows from investing activities		
Additions to property and equipment	(1,045,755)	(710,037)
Additions to intangible assets	(5,551,155)	(3,000,000)
Additions to investments in equity instruments	(20,003,750)	-
Receipts from the sale of property and equipment	3,502	-
Additions to investments in an associate	(377,385)	(235,750)
Net cash used in investing activities	(26,975,043)	(4,045,787)
cash flows from financing activities		
Capital increase through cash deposits from shareholders	19,989,750	-
Paid lease obligations	(262,589)	(127,980)
Net movement of non-controlling interest	51,220	-
Dividends paid	-	(2,940,000)
The net cash available from the user in financing activities	19,778,421	(3,067,980)
Net change in cash and cash equivalents		
Cash and cash equivalents at the beginning of the year	4,436,444	(8,249,757)
Cash and cash equivalents at the end of the year	4,467,323	12,717,080
	8,903,767	4,467,323

Chief Financial Officer	Chief executive officer	Chairman of Board of Directors
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**Knowledge Net. Co. for Computer**

**A closed Saudi joint stock company**

**Consolidated statement of cash flows at December 31, 2021**

Non-cash transactions:		
Capital increase through retained earnings (note 15)	13,510,250	-
The company's share of other comprehensive income of an associate	6,946	-
Additions to the right-of-use assets (Note 10)	-	(813,259)
Additions to lease obligations (Note 10)	-	(813,259)

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## **1- Composition and activity**

Knowledge Network Computer Company Ltd. (the “Company”) is a closed Saudi joint stock company registered in the Kingdom of Saudi Arabia under Commercial Registration No. 1010160878 dated Jumada Al-Awwal 23, 1421 AH (corresponding to August 23 (2000 AD). On Rabi’ Al-Awwal 22, 1443 AH (corresponding to October 28, 2021 AD) Approved On the conversion of the legal entity of the company from a limited liability company to a closed Saudi joint stock company, and the statutory procedures have been completed.

The group's activity is represented in the wholesale sale of computers and their accessories, including the sale of printers and their inks). The company's registered address is P.O. 12611 Olaya District, Mecca Street, Riyadh, Kingdom of Saudi Arabia.

### **Preparation basics**

#### **A) Statement of Commitment**

The consolidated financial statements of the Group for the year ending on December 21, 2021 have been prepared in accordance with International Financial Reporting Standards endorsed in the Kingdom of Saudi Arabia and other standards and versions approved by the Saudi Organization for Auditors and Accountants and collectively referred to as “International Financial Reporting Standards endorsed in the Kingdom of Saudi Arabia”). The most important accounting policies adopted by the group are explained in Note No. (3). These consolidated financial statements for the year ending on December 31, 2021 are the first consolidated financial statements issued by the Group.

#### **The basis of uniformity**

The consolidated financial statements include the financial statements of the Company and the companies controlled by its subsidiaries) mentioned below

For the year ending December 21, 2021.

#### **Control is achieved when the Group:**

Control over the investee (i.e., having rights that give the Group a current ability to direct the activities of the investee. - Exposure to risks, or has rights to obtain different returns through its relationship with the investee.

The ability to use its power over the investee company to affect its returns.

The Group conducts a reassessment to ascertain whether or not it exercises control over the investee companies when facts and circumstances indicate that there is a change in one of the elements of control mentioned above.

In general, there is an assumption that a majority of voting rights results in control. In support of this presumption, when the Group has less than a majority of voting or similar rights in an investee, the Group considers all relevant facts and circumstances when determining whether it controls an investee, including:

- The contractual arrangement(s) with the other voting rights holders of the investee company.
- Rights arising from other contractual arrangements.
- Group voting rights and potential voting rights.
- Consolidation of a subsidiary begins on the date the Group obtains control over it and continues until the date on which control is lost.

When needed, adjustments are made to the financial statements of subsidiaries to bring their accounting policies in line with the group's accounting policies. All assets, liabilities, equity, revenues, expenses and cash flows relating to intra-group transactions are eliminated in full on consolidation of the financial statements.

The consolidated financial statements include the financial statements of the Company and its subsidiaries (the “Group”) as at December 31, 2021, as follows:

		Country of origin	ownership percentage	
			2021	2020
Knowledge Network Business Services (1)	A limited liability company	KSA	100%	-
real estate knowledge network (1)	A limited liability company	KSA	100%	-
Bachelor of Information Technology (1)	A limited liability company	KSA	100%	-
Softmor (1)	A limited liability company	UAE	100%	-
Property (2)	A limited liability company	UAE	50%	-

(1) During the year 2021, the group established 100% owned subsidiaries and transferred specific activities to those companies that were in previous years within the activities of the parent company.

**Knowledge Network for Business Services** The company was established during the year 2020 and the activities of consulting services were transferred to the subsidiary company during the year 2021, and therefore there is no activity during the year 2020 AD. The financial statements for the year ending on December 31, 2020 AD include the assets, liabilities and business results of the subsidiary company.

**Real Estate Knowledge Network:** The company was established during the year 2020 and the activities of the Property Net program were transferred to the affiliated company during the year 2021, and therefore there is no activity during the year 2020 AD. The financial statements for the year ending on December 31, 2020 AD include the assets, liabilities and business results of the subsidiary company.

**Takharuj Information Technology** The company was established during the year 2021 and there is no activity during the year 2021.

**Softmor:** The company was established during the year 2020 and there is no activity during the year 2021.

(2) On December 27, 2020, the group participated in the establishment of Property Company FZE, with a value of 51,260 Saudi riyals, with an ownership percentage of 50%. As of December 31, 2020 AD, this company is still in the process of incorporation and has not carried out any activities or transactions, and the amounts paid to establish the company as of December 31, 2020 appeared within the expenses paid in advance and other debit balances. The first financial statements of this company will be for the period from the date of incorporation until December 31, 2021 AD, and by the year 2021, the company did not perform any activity and did not generate any revenues.

### c) the historical cost principle

The consolidated financial statements have been prepared on the historical cost basis, except for employee defined benefits which are measured at the present value of the future obligations using the projected unit credit method.

Historical cost generally represents the fair value of the specific consideration given in exchange for goods and services.

Fair value is the price that would be received to sell an asset, or paid to transfer a liability, in an orderly transaction between market participants at the measurement date, regardless of whether the price is directly observable or estimated by another valuation technique.

When estimating the fair value of any of the assets or liabilities, the Group takes into account these factors when pricing the assets or liabilities if market participants take these factors into account when pricing the assets or liabilities on the measurement date. General value for purposes of measurement and/or disclosure in

these consolidated financial statements is determined on that basis, except for measurements that are similar to fair value, but are not fair value, such as net realizable value in IAS 2 or value in use in IAS 36.

In addition, fair value measurements for financial reporting purposes are categorized into three levels based on the extent to which the input is apparent to the fair value measurements and the significance of the input to the fair value measurements in their entirety, which are defined as follows: Level 1: Fair value measurements derived from quoted prices (unadjusted) In active markets for identical assets and liabilities at the measurement date.

Level 2: fair value measurements derived from inputs other than quoted prices that are included in Level 1

Which can be observed for assets and liabilities either directly or indirectly.

Level 3: fair value measurements derived from unobservable inputs for assets and liabilities. All financial assets and liabilities of the Group are not measured at fair value, as they are measured at amortized cost, except for investments in equity, which are measured at fair value.

#### **D. Functional and presentation currency**

These consolidated financial statements have been presented in Saudi Riyals, which is the Company's functional currency, and all amounts are rounded to the nearest Saudi Riyal, unless otherwise indicated.

#### **3- A summary of the most important accounting policies**

Classification of assets and liabilities into current or non-current

The Group presents assets and liabilities in the consolidated statement of financial position on the basis of their classification as current or non-current. An asset is classified under current assets if:

The asset is expected to be realized or intended to be sold or used in the normal business cycle

The asset is held primarily for trading

The asset is expected to be realized within 12 months after the consolidated statement of financial position date, or

Being cash or cash equivalent unless it is prohibited to exchange the asset or use it to settle a liability within at least 12 months from the date of the consolidated statement of financial position.

All other assets are classified as non-current assets.

A liability is considered a current liability if:

The obligation is expected to be settled within the normal business cycle

The obligation is held mainly for the purpose of trading

The obligation is expected to be settled within 12 months after the consolidated statement of financial position date, or

There is no unconditional right to defer settlement of the liability for at least 12 months after the date of the consolidated statement of financial position.

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

#### **foreign currency**

##### **Transactions and balances**

Transactions in foreign currencies are initially recorded at the rate ruling in the functional currency on the date that the transaction qualifies for recognition. Monetary assets and liabilities denominated in foreign currencies

are usually translated into the functional currency at the prevailing rate at the date of preparation of the consolidated financial statements, and all differences arising from settlements or transactions on monetary items are recorded in the consolidated statement of profit or loss and other comprehensive income.

**The decline in the value of non-financial assets**

The Group assesses at each reporting date whether there is any indication that non-German assets may be impaired. If any such indication exists, or when annual impairment testing for the asset is required, the Group estimates the asset's recoverable amount. The recoverable amount of an asset is the fair value of the asset or cash-generating unit less costs to sell or value in use, whichever is higher, and is determined for each asset separately, unless the asset does not generate cash inflows that are largely independent of the cash flows of other assets or a group of assets. When the carrying amount of an asset or cash-generating unit exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. In determining fair value less costs to sell, an appropriate valuation method is used. These calculations are verified using valuation multiples, listed stock prices for publicly traded entities, or any other available fair value indicators.

Impairment losses from continuing operations are recognized in the consolidated statement of profit or loss and other comprehensive income in the expense categories consistent with the function of the impaired assets.

For assets other than goodwill, an assessment is made at each reporting date whether there is any indication that previously recorded impairment losses may no longer exist or have decreased in value. If any such indication exists, the Group estimates the recoverable amount of the asset or cash-generating unit and a previously recognized impairment loss is reversed only if there has been a change in the estimates used to determine the asset's recoverable amount since the last impairment loss was recognised. Such reversal is limited to such extent. The carrying amount of the asset does not exceed its recoverable amount or the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognized for the asset in previous years. Such reversal is recognized in the consolidated statement of profit or loss and other comprehensive income. Non-financial assets other than goodwill that have suffered an impairment are reviewed for possible reversal of the impairment at the end of each reporting period.

**Property and equipment**

Property and equipment are stated at cost less accumulated depreciation and/or accumulated impairment losses, if any. The cost of property and equipment includes any costs directly attributable to bringing the asset to the site and in the condition necessary for it to be serviceable in the manner intended by management.

Cost includes the cost of the replaced part of property and equipment. When significant parts of property and equipment are replaced at intervals, the Group recognizes those parts as individual assets with a definite useful life and depreciation. All other repair and maintenance costs are recognized in the consolidated statement of profit or loss and other comprehensive income as incurred.

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

<b>Item</b>	<b>Productive life in years</b>
Furniture	5 Years
Computers	2 Years
Office equipment	5 Years

An item of property and equipment is derecognised upon disposal or when no future economic benefits are expected from its use or sale. Any gain or loss arising on disposal of the asset is recognized in the consolidated statement of profit or loss and other comprehensive income when the asset is derecognised.

## **Intangible assets**

Intangible assets with finite useful lives acquired separately are measured at cost less accumulated amortization and/or accumulated impairment losses, if any. Intangible assets are amortized on a straight-line basis over their estimated useful lives of 10 years. The useful lives and amortization methods for intangible assets with finite lives are reviewed at the end of each reporting period, with the effect of any changes in estimates accounting for prospectively. Intangible assets with indefinite useful lives acquired separately are carried at cost less accumulated impairment losses, if any.

Expenditures on research activities are recognized as an expense in the period in which they are incurred. When certain conditions are met, development expenditure that gives rise to an internally generated intangible asset is capitalized. When no internally generated intangible asset can be recognised, development expenditure is recognized in the consolidated statement of profit or loss and other comprehensive income in the period in which it is incurred.

After initial recognition, internally generated intangible assets are carried at cost less accumulated amortization and accumulated impairment losses, if any, in the same way as intangible assets acquired separately.

Any gain or loss on derecognition of the intangible asset is calculated as the difference between the net disposal proceeds and the carrying amount of the intangible asset and is included in the consolidated statement of profit or loss and other comprehensive income when the intangible asset is derecognised.

## **Investments in associate companies**

Associates are those over which the Group exercises significant influence. Significant influence is the ability to participate in the financial decisions and operating policies of the investee, but does not reach control or joint control over those policies.

The Group's investment in associates is accounted for using the equity method.

Under the equity method, investments in associates are carried at cost plus changes that occur as a result of a change in the Group's share in the associates' net assets.

The share of results of operations of associates and the share of other comprehensive income of those companies is included in the Group's consolidated statement of profit or loss and other comprehensive income.

The financial statements of the associate companies are prepared for the same financial period as the group.

## **Investments in equity instruments**

Investments purchased with the intention not to be held to maturity or for trading purposes are shown at fair value, and are included in non-current assets unless there is an intention to sell in the following year. Changes in fair value are credited/charged to the consolidated statement of changes in equity. A non-temporary decline in the value of investments is charged to the consolidated statement of profit or loss and other comprehensive income.

The fair value is determined by reference to the market value in the case of an active financial market or by using alternative valuation methods, otherwise cost is considered as the fair value. If part of the acquired investments is sold, it is accounted for on a weighted average basis.

## **Financial instruments**

Financial instruments are recognized when the Group becomes a party to the contractual provisions of the instrument. A financial instrument is any contract that results in a financial asset of one entity and a financial liability or equity instrument of another entity.

A- Financial assets The Group determines the classification of its financial assets upon initial recognition. The classification depends on the entity's business model for managing financial assets and the contractual terms of

the cash flows.

1- Classification Financial assets are classified into the following measurement categories:

A. those that are subsequently measured at fair value either through other comprehensive income, profit or loss, or

**B. These are subsequently measured at amortized cost.**

## **2- Measurement**

On initial recognition, the Group measures the financial assets at their fair value plus transaction costs directly attributable to the acquisition of the financial asset. In the case of financial assets not carried at fair value through profit or loss and other comprehensive income, transaction costs of financial assets carried at fair value are included through profit or loss. The loss is recognized as an expense in the consolidated statement of profit or loss and other comprehensive income when incurred.

### **Debt tool**

Subsequent measurement of debt instruments depends on the Group's business model for managing the assets and the cash flow characteristics of the asset. The Group classifies debt instruments at amortized cost based on the following:

A- the asset is held within a business model with the objective of collecting contractual cash flows; and

B. The contractual terms give rise to specified dates for cash flows that are solely payments of principal and interest on the principal amount outstanding. Amortized cost is calculated after taking into account any discount or premium on purchase and fees or costs that are an integral part of the effective commission rate.

### **property tool**

If the Group elects to present fair value gains and losses on investments in equity instruments in other comprehensive income, there is no subsequent reclassification of fair value gains and losses to profit or loss. Dividends from these investments are recognized in the consolidated statement of profit or loss and other comprehensive income as other income when the Company is entitled to receive the payment. There are no impairment requirements for investments in equity instruments carried at fair value through other comprehensive income. Changes in the fair value of financial assets (at equal value through the unconsolidated statement of profit or loss and other comprehensive income) are recognized as other gains (losses) in the consolidated statement of profit or loss and other comprehensive income. as applicable.

### **Derecognition of financial assets**

The Group derecognises financial assets when the contractual rights to receive the cash flows expire, or when it transfers the assets and significant risks and rewards of ownership of the asset to another party. If the Group neither transfers nor retains substantially all the risks and rewards of ownership and continues to control the transferred asset, the Group recognizes its retained interest in the associated assets and liabilities for amounts it may have to pay. If the Group retains substantially all the risks and rewards of ownership of the transferred financial asset, the Group continues to recognize the financial assets and also records secured financing against the proceeds received.

### **Decrease in the value of financial assets**

The Group applies the expected credit loss model to measure and provide the loss of exposure to credit risk and impairment in the value of financial assets that are debt instruments and are measured at amortized cost, such as loans and trade receivables.

The expected credit loss is a weighted estimate of credit losses (i.e. the present value of all cash shortfalls) over the expected life of a financial asset. A cash shortfall is the difference between the cash flows due in

accordance with the contract and the cash flows that the Group expects to receive. The expected credit loss model considers the amount and timing of payments and therefore credit losses arise even if the Group expects to receive payments in full but later than the contract due date. The expected credit loss method requires an assessment of credit risk and default and the timing of its collection since initial recognition. This requires expected credit losses to be recognized in the consolidated statement of profit or loss and other comprehensive income even for newly originated or acquired receivables.

Impairment of financial assets is measured at either 12-month expected credit losses or lifetime expected credit losses, depending on whether there has been a significant increase in credit risk since initial recognition. 12-month expected credit losses represent expected credit losses that result from default events that are possible within 12 months after the reporting date. Lifetime expected credit losses represent expected credit losses that result from default events that are possible over the expected life of a financial asset.

Trade receivables have a short term, usually less than 12 months, and therefore the allowance for impairment losses measured as lifetime ECL is not different from the measurement of 12-month ECL. The Group uses the practical methods of IFRS 9 to measure expected credit losses for trade debtors using a provision matrix based on the aging of the receivables.

The Group uses credit loss rates that are derived from historical credit loss experience and adjusts them to reflect information about current conditions and reasonable and supportable expectations of future economic conditions. The rates of credit damage vary according to the age of the amounts that are past due and are usually higher for those amounts with older ages.

## **B. Water obligations**

The Group determines the classification of its financial liabilities at initial recognition.

### **1- Classification Financial liabilities are classified into the following measurement categories:**

a. b Those that are subsequently measured at fair value through consolidated statement of profit or loss and other comprehensive income, or b Those that are subsequently measured at amortized cost.

### **2- Measurement**

On initial recognition, the Group measures a financial liability at its fair value less transaction costs that are directly attributable to the issuance of the financial liability. Financial liabilities that are not measured at fair value through profit or loss and other comprehensive income (such as loans and trade payables) are subsequently measured at amortized cost using the effective commission rate method.

The effective commission rate method is a method of calculating the amortized cost of a debt instrument and of allocating the commission allowance over the relevant effective commission period. The effective commission rate is the rate that discounts estimated future cash flows (including all fees and points paid or received that form an integral part of the effective commission rate, transaction costs and other premiums or discounts through the expected life of a debt instrument or, where appropriate, a shorter period, to Net book value at initial recognition.

### **3. Derecognition of financial liabilities**

Financial liabilities are derecognised when the specific obligation is discharged, canceled or expired. When an existing financial liability is replaced by another from the same lender on different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a cancellation of the original liability and the realization of a new liability, and the difference in the related carrying amount is recognized in the consolidated statement of profit or loss and other comprehensive income.

## **C- Clearing financial instruments**

Financial assets and liabilities are offset and the net amount reported in the consolidated statement of financial position when there is a legally enforceable right to set off the recognized amounts and there is an intention to settle on a net basis, or to realize the assets and settle the liabilities simultaneously. The legally enforceable right should not be contingent on future events and should be enforceable in the normal course of business and in the event of default, insolvency or bankruptcy of the Group or the other party.

### **Trade debtors**

Trade receivables are measured at initial recognition at fair value and subsequently measured at amortized cost using the effective commission rate method less allowance for expected credit losses. Changes in the allowance for expected credit losses are recognized in the consolidated statement of profit or loss and other comprehensive income when a receivable is uncollectible, it is written off. Any amounts subsequently recovered from amounts previously written off are included in the consolidated statement of profit or loss and other comprehensive income.

### **Cash and its equivalent**

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

### **Capital**

Instruments issued by the Group are classified as equity only to the extent that they do not meet the definition of an asset or a liability. The Group's ordinary shares are classified as equity instruments.

Defined benefit obligation for employees Defined benefit plans:

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

The cost of the defined benefit obligation is calculated using actuarially determined retirement costs at the end of the previous financial year, adjusted for significant market fluctuations and any significant one-time events such as program modification, downsizing and payment. In the absence of significant market fluctuations and one-off events, the actuarial obligations are extended based on the assumptions made at the beginning of the year. In the event that there are significant changes in assumptions or arrangements during the year, they must be considered to re-measure these obligations and related costs.

Remeasurement gains and losses arising from adjustments and changes in actuarial assumptions in the year in which they occur are recognized in other comprehensive income.

Changes in the present value of the defined benefit obligation resulting from plan modifications or downsizing are recognized directly in the consolidated statement of profit or loss and other comprehensive income as past service costs.

Short-term employee liabilities related to benefits payable to employees, represented in wages, salaries, annual and sick leaves, and travel tickets, which are expected to be paid within the twelve months after the end of the financial year in which the employees provide related services, are recognized and measured in the



consolidated financial statements at the undiscounted amounts expected to be paid when settlement of obligations.

Accrued expenses and other credit balances

Liabilities are recognized for amounts to be paid in the future for goods or services received, whether invoiced by suppliers or not.

### **Allowances**

Provisions are recognized when the Group has a present obligation (legal or constructive) arising from past events, it is probable that resources embodying economic benefits will be required to settle the obligation and the amount of the obligation can be estimated reliably. In cases where the Group expects to recover some or all of the provisions, for example under an insurance contract, the refund is recognized as a separate asset only when the recovery is actually certain. The expense relating to a provision is presented in the consolidated statement of profit or loss and other comprehensive income, net of any refunds.

If the effect of the time value of money is material, provisions are discounted using the current pre-tax rate, which reflects, when appropriate, the risks associated with that obligation. When discounting is used, the increase in the provision due to the passage of time is recognized as financing costs.

### **Lease contracts**

#### **Group as a tenant**

The Group assesses whether a complex contains a lease at the inception of the contract. The Group recognizes all right-of-use asset lease agreements and lease obligations, except for short-term leases and leases of low-value assets as follows:

#### **The right to use the assets**

The Group recognizes the right to use the assets on the lease commencement date i.e. the date the underlying asset is available for use. Right-of-use assets are measured at cost less any accumulated impairment losses and amortization, adjusted for any re-measurement of the lease liabilities. The cost of right-of-use assets includes the amount of lease liabilities recognised, initial direct costs incurred and lease payments made on or before the commencement date less any lease incentives received unless the Group is reasonably certain to obtain ownership of the leased asset at the end of the lease term. Lease, right-of-use assets recognized are amortized on a straight-line basis over their estimated useful life and lease term, whichever is shorter. Right-of-use assets are subject to impairment.

#### **Lease obligations**

At the commencement date of the lease, the Group recognizes lease liabilities measured at the present value of the lease payments to be made over the lease term. Lease payments include fixed payments (including fixed payments embedded) less any lease incentives receivable and variable lease payments that depend on An index or rate, and the amounts expected to be paid under residual value guarantees. Lease payments also include the exercise price of a purchase option that is certain to be exercised by the Group and payments of penalties for terminating the lease, if the lease term reflects that the Group exercises the option to terminate. Variable lease payments that do not depend on an index or rate are recognized as an expense in the period in which the event or condition that triggers the payment occurs.

In calculating the present value of the lease payments, the Group uses the incremental borrowing rate at the lease commencement date if the interest rate implicit in the lease is not readily determinable after the commencement date the amount of the lease liabilities is increased; To reflect the accrual of interest and reduce lease payments made in addition, The carrying amount of lease liabilities is remeasured if there is a modification, a change in the lease term, a change in secured fixed lease payments, or a change in the valuation

for the purchase of the underlying asset.

### **Short term leases**

The Group applies the short-term lease recognition exemption to short-term lease contracts (i.e. lease contracts with a term of 10 months or less from the commencement date and do not contain a purchase option). Lease payments under short-term leases are recognized as an expense on a straight-line basis over the lease term.

### **Revenues**

#### **Revenue from contracts with customers**

The Group recognizes revenue from contracts with customers based on five steps as specified in IFRS 15:

**Step 1:** Define the complex(s) with a customer: A contract is an agreement between two or more parties that establishes rights and obligations and sets standards that must be met for each contract.

**Step 2:** Identify performance obligations in the contract A performance obligation is a promise in a contract with a customer to transfer goods or provide services to the customer.

**Step 3:** Determine the transaction price The transaction price is the amount of consideration to which the Group expects to be entitled in exchange for transferring promised goods or services to the customer, excluding amounts collected on behalf of third parties.

**Step 4:** Allocate the transaction price to the performance obligations in the contract In a contract that contains more than one performance obligation, the Group will allocate the transaction price to each performance obligation in an amount that determines the amount of consideration the Group expects to receive in exchange for satisfying each performance obligation.

**Step 5:** Recognize revenue when or when the entity satisfies a performance obligation: The Group satisfies a performance obligation and recognizes revenue over time if one of the following criteria is established:

- A-** The group's performance of the obligation is not an asset with alternative uses for the group, and the group has the right to collect the amount for the performance completed to date.
- B-** That the group's performance results in the creation or improvement of an asset that the customer controls as an originated or improved asset.
- C-** The customer simultaneously receives and consumes the benefits provided by the Group's performance when the Group performs its business.

Revenue from services is recognized over time in the accounting period in which the services are rendered. Revenue is recognized when the performance obligation is satisfied.

For performance obligations where none of the above conditions are met, revenue is recognized at the time the performance obligation is satisfied.

#### **Licenses and devices sold**

Revenue from the sale of licenses and equipment is recognized at a certain point in time, when the significant risks and benefits of ownership are transferred to the customer, and it is likely that the due consideration will be recovered, and the related costs and the possibility of recovering licenses and equipment can be estimated reliably, and there is no longer any continuous interference from management in the matter of licenses And devices can measure the amount of revenue reliably. Revenue is measured net of returns, trade discounts and volume discounts.

Revenue is recognized upon delivery of licenses and equipment to customers and is reported net of quantities or trade discount.

Revenue from long-term contracts is recognized when it is possible to obtain an estimate of a reliable outcome using the percentage of work performed method, with reference to the completed stage of contract work. The stage of completion is measured by calculating the costs incurred to date to the total estimated costs of the contract. Revenue is recognized to the extent of the contract costs incurred when there is no possibility to reach any reliable estimates of results that are likely to be recoverable. When financial estimates of the total contract costs and revenues indicate a loss, it is Provision for the total loss of the contract regardless of the percentage of work done.

### **Expenses**

Expenses consist of cost of revenue which consists of cost of materials purchased and direct expenses including labor costs which are related to cost of revenue.

Selling and marketing expenses are those expenses resulting from the Group's efforts carried out by the marketing, sales and distribution departments. All other expenses are classified as general and administrative expenses. A distribution of joint expenses is made between the cost of revenue, selling and marketing expenses, and general and administrative expenses when necessary, on a reasonable basis according to the nature and function of those expenses. .

### **Zakat**

The Group sets aside a provision for zakat in accordance with the instructions of the Zakat, Tax and Customs Authority in the Kingdom of Saudi Arabia. The provision is recognized in the consolidated statement of profit or loss and other comprehensive income. Value added tax

Revenues, expenses and assets are recognized net of value-added tax, except if the value-added tax is due on the acquisition of assets or services that are not recovered from the Zakat, Tax and Customs Authority, in which case the value-added tax is recognized as part of the cost of purchasing assets or part of the expense item, as the case may be.

Net VAT that can be recovered from or paid to the Zakat, Tax and Customs Authority is included under other assets or other liabilities in the consolidated statement of financial position.

## **4- Significant accounting judgments, estimates and assumptions**

The preparation of the Group's consolidated financial statements requires management to make judgments, estimates and assumptions that affect the amounts of revenues, expenses, assets and liabilities and the accompanying disclosures, disclosures of contingent liabilities. Uncertainty about these assumptions and estimates may result in results that require material adjustments to the book values of assets or liabilities, which will be affected in future periods.

### **Judgments**

In the course of applying the Group's accounting policies, management has made judgments that may have a material effect on the amounts recognized in the consolidated financial statements, as follows:

Determine the lease term for contracts that include renewal and termination options

The Group defines the lease term as the non-cancellable lease term plus any periods covered by an option to extend the lease if that option is reasonably certain to be exercised, or any periods covered by an option to terminate the lease if it is reasonably certain not to be exercised

The Group applies judgment when assessing whether it is reasonably certain to exercise the option to renew or terminate the lease as it takes into account all relevant factors that would create an economic incentive to exercise the option to renew or terminate. The Group reassesses the lease term if a significant event occurs that may affect its ability to exercise or not exercise the option to renew or terminate the lease.

**Estimates and assumptions**

Management, in applying the company's accounting policies, has not made estimates and assumptions that may have a material effect on the amounts included in the financial statements, except for the following:

**Uncertain Zakat statuses**

The current due zakat on the Group relates to management's assessment of the zakat amount due on open zakat assessments as the Group still has to agree with the Zakat, Tax and Customs Authority "the Authority" on the final liability amounts. Because of the uncertainty associated with these zakat items, the final result is likely to differ significantly when the final assessment is issued by the Zakat, Tax and Customs Authority in future periods. The status of zakat assessments has been disclosed in Note No. (19).

**Defined benefits obligation for employees**

The cost of the employee benefit obligation and the present value of the employee benefit obligation are determined according to actuarial valuation processes. The actuarial calendar involves making many assumptions which may differ from actual developments in the future. These assumptions include determining the discount rate, future salary increases and mortality rates. Given the complex nature of valuation and underlying assumptions and their long-term nature, the defined benefit obligation is highly sensitive to changes in these assumptions. All assumptions are reviewed annually.

**Provision for impairment losses on trade receivables**

Impairment loss allowances for trade receivables are based on assumptions about the risk of default and expected loss rates. The Group uses assumptions in making these assumptions and determining the inputs to the impairment calculation, based on the Group's past history and current market conditions, as well as forward-looking estimates at the end of each reporting period.

**5- Applying the new and amended International Financial Reporting Standards**

1-5 The new and amended International Financial Reporting Standards have been applied, which do not have a material impact on the consolidated financial statements

The following new and revised IFRSs have been applied, which became effective for annual periods beginning on or after January 1, 2021, and have been applied in these consolidated financial statements. The application of these revised IFRSs did not have any material impact on the amounts reported for the current years, and past, but may affect the accounting for future transactions or arrangements. Amendments to references to the conceptual framework in IFRSs.

Amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4, and IFRS 16 Interest Rate Measurement Correction - Phase Two.

Amendment to IFRS 16 Lease Concessions Extending the exemption granted from applying some of the requirements of the standard until June 30, 2022

5-2 New and amended IFRSs In implementation but not yet effective and not yet early adopted The Group has not yet applied the following new standards, amendments and interpretations that have been issued but are not yet effective

New and amended International German Reporting Standards	Effective for annual periods beginning on or after
Amendments to IFRS 10 Consolidated Financial Statements and IAS 28 Investments in Associates and Joint Ventures relating to the treatment of the non-contribution sale or transfer of assets between an investor and its associate or joint venture.	The effective date has been postponed indefinitely
	01 Jan 2022

Amendments to IFRS 3 Business Combinations to update the conceptual framework reference	
Amendments to IAS 16 Property, Plant and Equipment” that prevent a company from deducting from the cost of property, plant and equipment amounts received from the sale of items produced while the company prepares the asset for its intended use.	01 Jan 2022
Amendments to IAS 37 “Provisions, Contingent Liabilities and Contingent Assets” relating to costs that must be included when assessing whether a contract will cause a loss.	01 Jan 2022
Annual Improvements to IFRSs (2018-2020) for IFRS 1, 9 and 16 and IAS 41	01 Jan 2022
Amendments to the International Accounting Standard “Presentation of Financial Statements” related to the classification of liabilities.	01 Jan 2023
Amendments to International Accounting Standard “Presentation of Financial Statements” and Practice Statement (2) for International Financial Reporting Standards relating to relative provisions for disclosures of accounting policies	01 Jan 2023
IFRS 17 Insurance Contracts defines the principles for recognizing, measuring, presenting and disclosing insurance contracts and replaces IFRS 4 Insurance Contracts.	01 Jan 2023
Amendments to the International Accounting Standard “Accounting Policies, Changes in Accounting Estimates and Errors” - Definition of Accounting Estimates	01 Jan 2023
Amendments to IAS 12 Income Taxes - Deferred Tax Related to Assets and Liabilities Arising from a Single Transaction	01 Jan 2023

Management expects the adoption of these new standards, changes and amendments in the group consolidated financial statements for the period of initial application and the adoption of these new standards, interpretations and amendments may not have a material impact on the consolidated financial statements of the group in the period of initial application.



**Knowledge Net. Co. for Computer**

**A closed Saudi joint stock company**

**Notes to the consolidated financial statements at December 31, 2021**

**6. Property and equipment, net**

	<b>Furniture</b>	<b>Computer</b>	<b>Office equipment</b>	<b>Total</b>
Cost:				
Balance as on January 1, 2020	518,329	366,945	850,103	1,735,377
additions	348,272	148,558	213,207	710,037
exclusions	(262,186)	(151,885)	-	(414,071)
The balance on December 31, 2020	604,415	363,618	1,063,310	2,031,343
additions	209,057	182,013	654,685	1,045,755
Exclusions	-	(7,700)	-	(7,700)
Balance as at December 31, 2021	813,472	537,931	1,717,995	3,069,398
accumulated consumption				
The balance on January 1, 2020	518,313	320,216	587,157	1,425,686
Charged for the year	24,375	59,979	170,420	254,774
Exclusions	(YTY,141)	(101,440)	-	(414,071)
Balance as at December 31, 2020	280,502	228,310	757,577	1,266,389
Charged for the year	91,176	128,981	228,084	448,241
Exclusions	-	(5,072)	-	(5,072)
Balance as at December 31, 2021	371,678	352,219	985,661	1,709,558
Net book value				
Balance as at December 31, 2021	441,794	185,712	732,334	1,359,840
Balance at December 31, 2020	323,913	135,308	305,733	764,954



**Knowledge Net. Co. for Computer**

**A closed Saudi joint stock company**

**Notes to the consolidated financial statements at December 31, 2021**

**7. net intangible assets**

	Property Net	Trade net touch	I more	I trade plus	dnx	TN Twenty	I invest	Fastware	Castware	Factory	Total
	SAR	SAR	SAR	SAR	SAR	SAR	SAR	SAR	SAR	SAR	SAR
cost:											
Balance as on January 1, 2020	2,000,000	403,491	4,443,265	900,350	3,500,000	-	-	-	-	-	11,247,106
additions	-	-	-	-	-	3,000,000	-	-	-	-	3,000,000
The balance on December 31, 2020	2,000,000	403,491	4,443,265	900,350	3,500,000	3,000,000	-	-	-	-	14,247,106
additions	500,000	-	1,010,331	-	1,010,331	1,010,331	757,748	757,748	252,583	252,583	5,551,655
Balance as at December 31, 2021	2,500,000	403,491	5,453,596	900,350	4,510,331	4,010,331	757,748	757,748	252,583	252,583	19,798,761
Accumulated amortization											
The balance on January 1, 2020	2,000,000	403,491	1,127,943	277,608	1,079,166	-	-	-	-	-	4,888,208
Charged for the year	-	-	444,327	90,036	350,000	300,000	-	-	-	-	1,184,363
Balance as at December 31, 2020	2,000,000	403,491	1,572,270	367,644	1,429,166	300,000	-	-	-	-	6,072,571
Charged for the year	8,334	-	536,933	90,036	442,613	392,608	69,465	69,465	-	23,155	1,632,609
Balance as at December 31, 2021	2,008,334	403,491	2,109,203	457,680	1,871,779	692,608	69,465	69,465	-	23,155	7,705,180
Net book value											
Balance as at December 31, 2021	491,666	-	3,344,393	442,670	2,628,552	3,317,723	688,283	688,283	252,583	229,428	12,083,581
Balance at December 31, 2020	-	-	2,870,995	532,706	2,070,834	2,700,000	-	-	-	-	8,174,535

## Investments in equity instruments

Investments in equity instruments include the following:

	<b>SAR</b>
	<b>2021</b>
Investments in equity instruments through profit and loss - Quoted (A)	19,995,203
Investments in equity instruments at amortized cost - unquoted (b)	3,750
The following is the movement in investments in equity instruments during the year	19,998,953
	<b>SAR</b>
	<b>2021</b>
The balance on January 1	-
additions	20,003,750
Impairment losses on investments in equity instruments	(4,797)
Balance at 31 December	19,998,953

(a) Investments in equity instruments through profit and loss - carried at fair value which is determined on the basis of the quoted market price in the active markets in which they are traded.

(b) Investments in amortized all equity instruments - unquoted are carried at cost less impairment (if any), due to the inability to measure their fair value reliably without undue cost or effort.

### Investments in an associate company

The breakdown of investments in an associate is as follows:

	Country of origin	Ownership percentage		SAR	
		2021	2020	2021	2020
Central Holdings Ltd	UAE	45%	45%	30,006	335,750
				30,006	335,750

The movement of investments in an associate company for the year ended December 31 is as follows:

	SAR	
	2021	2020
The balance on January 1	335,750	-
additions	377,385	335,750
Share in the profit or harmful	(690,075)	-
share in other comprehensive income	6,946	-
Balance at 31 December	30,006	335,750

## 10 Right-of-use assets and lease obligations

### (1) The origins of the right of use

The following are the carrying values of the Group's right-of-use assets and lease liabilities and the movements during the year

	SAR	
	2021	2020
The balance on January 1	732,230	-
Plugins	-	813,259
Amortization during the year - note (22)	(271,086)	(81,029)

Balance at 31 December	461,144	732,230
b Lease commitments		
	<b>SAR</b>	
	<b>2021</b>	<b>2020</b>
The balance on January 1	685,279	-
Plugins	-	813,259
Finance cost - note (23)	23,936	15,283
paid during the year	(286,525)	(143,263)
Balance at 31 December	422,690	685,279
Subtracts the rolling part	286,525	286,525
The non-circulating part	136,165	398,754

### 11- Transactions and balances with related parties and partners

Transactions with related parties are approved by senior management. Following are the details of transactions with related parties that took place during the year.

Relevant party	Relationship type	Nature of relationship	SAR	
			2021	2020
Central Holdings Ltd	Expenses paid on behalf	associate company	377,385	-
Otr Business Co., Ltd	Expenses paid on behalf	sister company	-	298,444
Financial Technology Book Company			-	-
Mr. Khaled Al-Mousa	Withdrawals	Partner	-	29,271
Mr. Abdul Rahman Al-Yahya	Withdrawals	Partner	-	29,270

	SAR	
	2021	2020
Financial Technology Book Company	38,800	-
Otr Business Co., Ltd	-	298,444
	38,800	298,444
The requirement to the relevant authorities consists of the following:		
	SAR	
	2021	2020
Mr. Khaled Al-Mousa	-	29,271
Mr. Abdul Rahman Al-Yahya	-	29,270
	-	58,541

Key management personnel benefits are as follows:

	SAR	
	2021	2020
Short term employee benefits	692,593	1,881,009
Employee benefits	3,304,710	3,398,613
	3,997,303	5,279,622

### 12- Commercial debtors

	SAR	
	2021	2020

Commercial debtors	4,742,712	6,064,593
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\* The following is an analysis of the age of commercial debtors as at the date of the consolidated financial statements

	SAR	
	2021	2020
up to 3 months	3,978,452	2,592,768
More than 3 to 6 months	145,496	3,292,119
More than 6 to 12 months	618,764	179,706
More than a year	-	-
	4,742,712	6,064,593

### 13- Prepaid expenses and other debit balances

	SAR	
	2021	2020
Prepaid expenses	1,678,737	403,569
Cash insurance for letters of guarantee (Note (25))	771,591	454,525
Advances to employees	107,894	58,459
Payments on account of establishing an investment in a subsidiary	-	51,260
other debit balances	39,295	99,390
	2,497,517	1,067,203

### 14- Cash and its equivalent

	SAR	
	2021	2020
Cash at banks	8,903,767	4,467,323

### 15- Capital

During the year 2021, the shareholders decided to convert the legal entity of the company from a limited liability company to a closed joint stock company and increase the capital to become 35,000,000 Saudi riyals (2020: 1,500,000 Saudi riyals) and divided into 3,500,000 shares 2020 150 ,000 shares). The value of the share is 10 Saudi riyals. This was done by issuing 3,350,000 new shares, which were covered by transferring an amount of 13,510,250 Saudi riyals from the retained earnings and the entry of new shareholders with cash contributions amounting to 19,989,750 Saudi riyals.

### 16- Statutory reserve

In line with the requirements of the corporate law, the company forms a statutory reserve of 10% of the net profit for the year until this reserve reaches 30% of the capital. This reserve is not distributable as dividends.

### 17 - Commitment to defined benefits for employees

The Group is required to pay post-employment benefits to all employees under Saudi labor laws upon termination of their service. The cost of the defined employee benefit obligation is measured using the actuarial valuation and the planned unit credit method.

Reconciliation to the present value of the defined employee benefit obligation:

	SAR	
	2021	2020
The balance on January 1	5,279,622	4,572,187
current service costs	1,722,946	1,344,211
Finance costs Note (23)	47,517	101,008
Loaded on the wind or loss	1,770,463	1,445,219
Profits on actuarial re-measurement are charged to other comprehensive income	(2,099,172)	(261,747)
charged to other comprehensive income	(2,099,172)	(261,747)
paid up	(953,610)	(165,886)
transferred to related parties	-	(310,151)
Balance at 31 December	3,997,303	5,279,622

### 18- Accrued expenses and other credit balances

	SAR	
	2021	2020
Commissions accrued	1,052,168	1,546,748
Value added tax	326,648	487,310
Wages and employee benefits are due	318,811	790,333
Accrued leave allowances	00,721	43,544
Commercial creditors	30,732	467,500
Other credit balances	858,344	423,896
	2,642,344	3,759,331

### 19- Due Zakat

The zakat charge to the consolidated statement of profit or loss and other comprehensive income for the year is as follows:

	SAR	
	2021	2020
The balance on January 1	398,460	341,932
provision during the year	421,070	417,442
paid up	(398,460)	360,914
Balance at 31 December	421,070	398,460

The group submitted its zakat returns for the year ending on December 31, 2020, and obtained a zakat certificate that enables it to complete all its transactions, including the payment of final dues for contracts, and it is valid until April 30, 2022.

### Issuing zakat certificates and assessments

The company obtained the zakat assessments for the years up to 2015-, and during the subsequent period the company received the zakat assessment from the Zakat, Tax and Customs Authority for the year 2016, as the value of the zakat differences amounted to 7.84 Saudi riyals, and the company paid it. And it is still remaining for years under review by the commission.




	49,014,525	45,905,672
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## 21- Selling and marketing expenses

	SAR	
	2021	2020
Salaries, wages and other benefits	2,820,197	2,215,141
Marketing expenses	1,298,019	749,271
Commissions	616,911	619,729
Other	2,008	3,584,141
	4,737,135	3,872,351

## 22- General and administrative expenses

	SAR	
	2021	2020
Salaries, wages and other benefits	3,872,351	4,156,875
Governmental expenses	807,366	459,030
Legal and professional fees	778,079	362,511
consumption	448,241	254,774
Amortization of right-to-use assets (Note (10))	271,086	81,029
Reimbursement of debt	152,592	169,651
Rent	149,344	489,002
Insurance	144,698	141,287
Telecommunications	135,111	281,485
Services	111,618	86,628
Travel and transfer	71,390	33,326
Bank charges	70,621	38,800
Other	573,173	177,377
	7,585,670	6,731,775

## 23- Finance expenses

	SAR	
	2021	2020
Finance costs related to the employee defined benefit obligation Note (17)	47,517	101,008
Finance costs related to lease obligations Note (10)	23,936	19,283
	71,453	116,391

## 24- Dividends

During the year, the partners decided to distribute profits in a total amount of nothing (2,940,000: 2020 Saudi Riyals).

## 25- Contingent liabilities

The group has outstanding bank letters as at December 31, 2021 amounting to 3,279,850 Saudi riyals (December 31, 2020 1,707,529 Saudi riyals), offset by cash deposits held with banks amounting to 771,591 Saudi riyals (2020 454,525 Saudi riyals). ) - Note 13.

## 26 - Basic and diluted earnings per share

	SAR	
	2021	2020
Net profit for the year attributable to the shareholders of the parent company	1,573,252	7,609,568
Weighted average number of common shares	1,923,251	1,501,025
	0.82	5,07

As disclosed in note (15), during the year 2021, the company increased the number of shares by 3,350,000 shares by issuing 1,998,975 shares in return for cash deposits from shareholders and capitalizing 1,351,025 shares from the retained earnings. The capitalization event did not result in a corresponding change in resources, so the weighted average number of outstanding shares for the year 2021 was determined as the new number of shares after the issuance and capitalization process, and the weighted average number of outstanding shares for the year 2020 was determined as the number of iron shares after capitalization, in line with International Accounting Standard 33 “Earnings per Share”.

## 27- Categories of German assets and financial liabilities

The following are the categories of financial assets and financial liabilities included in the consolidated statement of financial position:

	SAR	
	2021	2020
Financial assets at amortized cost		
requested by a related party	38,800	298,444
commercial debtors	4,742,713	6,064,593
Cash and its equivalent	8,903,767	4,467,323
Total financial assets at amortized cost	13,685,279	10,830,360

	SAR	
	2021	2020
Financial liabilities at amortized cost		
Accrued expenses and other credit balances	2,642,344	3,759,331
Requested by a related party	-	58,541
Total financial liabilities at amortized cost	2,642,344	3,817,872

## 28- Financial risk management

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

### Credit risk

Credit risk is the risk that one party to a financial instrument will fail to discharge an obligation and cause the Group to incur a financial loss. The Group is not exposed to significant credit risk. Cash is placed in banks with high credit ratings.

### Liquidity risk

Liquidity risk is the risk that an entity 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. The following are the contractual maturities at the end of the reporting period for the financial liabilities.

	less than one year			Total

		<b>More than a year and less than five years</b>	<b>more than five years</b>	
	<b>SAR</b>	<b>SAR</b>	<b>SAR</b>	<b>SAR</b>
December 31, 2021				
Accrued expenses and other credit balances	2,642,344	-	-	2,642,344
	2,642,344	-	-	2,642,344

	<b>less than one year</b>	<b>More than a year and less than five years</b>	<b>more than five years</b>	<b>Total</b>
	<b>SAR</b>	<b>SAR</b>	<b>SAR</b>	<b>SAR</b>
December 31, 2020				
Accrued expenses and other credit balances	3,759,331	-	-	3,759,331
required to related parties	58,541	-	-	58,541
	3,817,872	-	-	3,817,872

### **Commission rate risk**

Commission rate risk represents the risk that the value of financial instruments will fluctuate due to changes in commission rates prevailing in the market. The Group is subject to commission rate risk.

Currency risk is the risk that the value of financial instruments will fluctuate as a result of changes in foreign exchange rates. Currency risk arises when future transactions and recognized assets and liabilities are denominated in a currency different from the currency of the functional group.

The group's exposure to foreign currency risk is primarily limited to transactions in US dollars and UAE dirhams, and the group'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. As for transactions using the UAE dirham, they have immaterial effects. The fluctuation in exchange rates against other currencies is monitored continuously.

### **29- Reclassification**

The figures for the comparative year have been reclassified to conform to the figures for the current year, and this did not affect the profits and equity of the partners.

### **30 - important events**

Management believes that there are no significant subsequent events since the end of the year that would require disclosure or amendment to these consolidated financial statements.

### **31- The date of approval of the consolidated financial statements**

These consolidated financial statements were approved by the Board of Directors of the Group on Shawwal 17, 1443 AH corresponding to May 18, 2022.



**Knowledge Net. Co. for Computers (a closed Saudi joint stock company)**

**The condensed consolidated interim financial statements (unaudited) and the independent auditor's review report**

**For the six-month period ending June 30, 2022**



**Knowledge Net. Co. for Computers (a closed Saudi joint stock company)**

**The condensed consolidated interim financial statements (unaudited) and the independent auditor's review report**

**For the six-month period ending June 30, 2022**

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## **The independent auditor's report on the condensed consolidated interim financial statements**

KnowldegeNet computer company

(a closed Saudi joint stock company)

Riyadh - Kingdom of Saudi Arabia

### **Introduction**

We have examined the interim condensed consolidated statement of financial position of Knowledge Network Computer Company (the “Company”) and its subsidiaries collectively referred to as (the “Group”) as at June 30, 2022, the interim condensed consolidated statement of profit or loss and other comprehensive income and the statement of changes in equity The condensed consolidated interim statement and the interim condensed consolidated statement of cash flows for the six months then ended, and a summary of significant accounting policies and other explanatory notes.

The Group's management is responsible for preparing and presenting these condensed consolidated interim financial statements in accordance with International Accounting Standard No. 34 Financial Reporting " First " approved in the Kingdom of Saudi Arabia. Our responsibility is to express a conclusion on these interim condensed consolidated financial statements based on our review.

### **Examination range**

We have conducted the examination in accordance with the International Standard on Review Engagements (2410) “Examination of Initial Financial Information Performed by the Independent Auditor of the Entity”, accredited in the Kingdom of Saudi Arabia. The examination of the condensed consolidated interim financial statements consists of making inquiries mainly to persons responsible for financial and accounting matters, and applying Analytical and other review procedures A review is significantly less in scope than an audit conducted in accordance with International Standards on Auditing that are endorsed in the Kingdom of Saudi Arabia, and accordingly we cannot obtain assurance that we would become aware of all significant matters that might be identified in any of the audits and, accordingly, we do not express an audit opinion

### **Conclusion**

Based on our examination, nothing has come to our attention that makes us believe that the accompanying condensed consolidated interim financial statements have not been prepared, in all material respects, in accordance with International Accounting Standard No. (34) approved in the Kingdom of Saudi Arabia.

Baker Tilly MKM & Partners Chartered Accountants

Majid Mounir Al-Nimr

Chartered Accountant - License No. (381)

Riyadh on Safar 9, 1444 Corresponding to September 5, 2022

**Knowledge Net. Co. for Computer**

**A closed Saudi joint stock company**

**The consolidated statement of financial position as at June 30, 2022**

	Note	June 30, 2022 (non-reviewed)	December 31, 2021 (Review)
Assets			
non-current assets			
Property and equipment, net	5	2,568,980	1,359,840
net intangible assets	6	13,983,950	12,093,581
Investments in equity instruments	7	47,415	19,998,953
Investments in an associate company		382,250	30,006
Fundamentals of right of use		2,100,852	461,144
Total non-current assets		19,083,447	33,943,524
Current assets			
stock	8	386,507	38,800
requested by related parties		4,722,638	4,742,712
commercial debtors		8,838,370	7,220,728
Contract assets		2,436,011	2,497,517
Prepaid expenses and other debit balances	9	24,300,608	8,903,767
Cash and equivalent		40,684,134	23,403,524
total current assets		59,767,581	57,347,048
Total assets			
property rights and obligations			
Property rights		35,000,000	35,000,000
Capital		907,325	907,325
statutory reserve		11,474,299	6,602,264
Retained earnings		47,381,624	42,509,589
Ownership rights of partners		(091,101)	42,931
non-controlling interest		46,820,173	42,552,520
Total equity			
Obligations			
non-current liabilities		4,380,968	3,997,303
Employee defined benefit obligation		1,235,584	136,165
Lease obligations		5,616,552	4,133,468
Total non-current liabilities			
current liabilities		844,817	286,525
Lease obligations The current part		4,413,726	7,311,121
Contract liabilities (unrealized revenue)		1,673,853	2,642,344
required to related parties		398,460	421,070
Accrued expenses and other credit balances		7,330,856	1,371, 7.
Zakat		12,947,408	14,794,528
Total current liabilities		59,767,581	57,347,0048

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

**KnowldegeNet computer company**  
**(a closed Saudi joint stock company)**

**Preliminary condensed consolidated profit and loss statement**

**For the six-month period ending on June 30, 2022**

	Note	June 30, 2022	June 30, 2021
Revenues	10	30,314,989	20,971,432
revenue cost		(20,396,177)	(16,604,141)
total profit		9,918,812	4,367,291
Selling and marketing expenses		(2,610,136)	(1,873,472)
General and administrative expenses		(5,440,206)	(3,634,777)
Profits from selling investments in equity instruments	7	1,759,243	-
Gain on the fair value of investments in equity instruments	7	1,065	-
Profits from selling investments in subsidiaries		1,000,000	-
The company's share of the business results of an associate company		183,704	-
financing expenses		(47,966)	(11,973)
Other income		31,853	32,874
Profit (loss) for the period before zakat		40428,961	(1,120,002)
zakat		(154,522)	(210,535)
Net profit (loss) for the period		4,274,439	(1,330,537)
Total comprehensive income Total comprehensive loss for the period		4,274,439	(1,330,537)
Total comprehensive income (comprehensive loss) for the period relating to:			
main company		4,872,035	(1,322,207)
non-controlling interest		(091,099)	(8,330)
		4,274,439	(1,330,537)
Basic and diluted earnings per share attributable to the shareholders of the parent company	11	1,39	(0,88)

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

**KnowldegeNet computer company**  
**(a closed Saudi joint stock company)**

**Preliminary condensed consolidated profit and loss statement**

**For the six-month period ending on June 30, 2022**

	Capital	statutory reserve	Retained earnings	Total shareholder equity	non-controlling interest	Total equity
<b>For the six-month period ending 30 June 2022:</b>						
As on January 1, 2022	35,000,000	907,325	6,602,264	42,509,589	42,931	42,552,520
net profit for the period	-	-	4,872,035	4,872,035	(597,596)	4,274,439
Other comprehensive income for the period	-	-	-	-	-	-
Total comprehensive income for the period	-	-	4,872,035	4,872,035	(597,596)	4,274,439
variable in non-controlling interest	-	-	-	-	(6,786)	(6,786)
As at 30 June 2022	35,000,000	907,325	11,474,299	47,381,624	(561,451)	46,820,173
<b>For the six-month period ending June 30, 2021:</b>						
As on January 1, 2021	1,500,000	750,000	16,590,469	18,840,469	-	18,840,469
net loss for the period	-	-	(1,228,943)	(1,228,943)	(8,330)	(1,237,273)
Other comprehensive loss for the period	-	-	-	-	-	-
Total comprehensive loss for the period	-	-	(1,228,943)	(1,228,943)	(8,330)	(1,237,273)
Change in non-controlling interest	-	-	-	-	51,260	51,260
As at 30 June 2021	1,500,000	750,000	15,361,526	17,611,526	42,930	17,654,456

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

**KnowldegeNet computer company**

**(a closed Saudi joint stock company)**

**Initial condensed consolidated statement of cash flows**

**For the six-month period ending on June 30, 2022**

	<b>June 30, 2022</b>	<b>June 30, 2021</b>
cash flows from operating activities		
Profit for the year before zakat	4,428,961	(1,120,002)
Modifications to:		
Consumption	239,282	292,513
Amortization of intangible assets	869,764	844,764
Amortization of the right to use the assets	332,793	135,543
Bad debts	(1,065)	-
Impairment losses on investments in equity instruments	(1,000,000)	-
The company's share of the business results of an associate company	(1,759,243)	-
Profits from the sale of property and equipment		(874)
component of employee defined benefits	183,704	
financing expenses	1,196,021	992,350
Changes in operating assets and liabilities:	47,966	11,968
Inventory		
commercial debtors	-	163,576
Contract assets	20,074	2,712,295
Prepaid expenses and other debit balances	(1,617,642)	1,235,354
Contract liabilities (unrealized revenue)	(1,PAA)	1,538,466
Required from related parties	(347,707)	(350,055)
Accrued expenses and other credit balances	(2,897,390)	7,450,229
Cash generated from operating activities	(860,597)	(3,008,305)
paid out of employee defined benefits	(1,211,472)	10,897,822
paid from zakat	(812,356)	(410,123)
Paid financing expenses	(177,132)	(398,460)
Net cash available from the user in operating activities	2,200,960	10,089,239
cash flows from investing activities		
Additions to property and equipment	(1,448,422)	(922,302)
Additions to intangible assets	(2,760,133)	(5,051,655)
Additions to investments in equity instruments	(4,731,243)	(3,750)
Receipts from the sale of property and equipment	26,443,089	-
Additions to investments in an associate	1,000,000	-
Net cash used in investing activities	-	3,502
cash flows from financing activities	(535,948)	(109,385)
Capital increase through cash deposits from shareholders	17,967,343	(6,083,590)
Paid lease obligations		
Net movement of non-controlling interest	(362,756)	(143,263)
Dividends paid	(6,786)	51,260

The net cash available from the user in financing activities	(369,542)	92,003
Net change in cash and cash equivalents	15,396,841	3,913,646
Cash and cash equivalents at the beginning of the year	8,903,767	4,467,323
Cash and cash equivalents at the end of the year	24,300,608	8,380,969
Non-cash items - additions of right-of-use assets offset by lease contract obligations	1,972,501	(813,259)

**The accompanying notes form an integral part of these consolidated financial statements**

**KnowldegeNet computer company**

**(a closed Saudi joint stock company)**

**Notes to the condensed consolidated interim financial statements (unaudited)**

**For the six-month period ending on June 30, 2022**

#### 1- Composition and activity

Knowledge Network Computer Company “the company or parent company is a closed Saudi joint stock company registered in the Kingdom of Saudi Arabia under Commercial Registration No. 1010160878 Dated 23 Jumada Al-Awwal 1431H (corresponding to 23 August 2000 AD) These consolidated interim financial statements include the parent company, and its subsidiaries collectively referred to as the “Group”.

On Rabi` al-Awwal 22, 1443 AH (corresponding to October 28) 2021 AD, it was approved to convert the legal entity of the company from a limited liability company to a closed Saudi joint stock company, and the statutory procedures were completed.

The parent company's registered address is P.O. 12611 Al Murabaa Abdul Aziz Bin Musaed Street, Riyadh, Kingdom of Saudi Arabia. The activity of the parent company is represented in the wholesale sale of computers and their accessories, including the sale of printers and their inks). These condensed consolidated interim financial statements include the following follow-up financial statements for the company and its subsidiaries:

Affiliated company	The main activity	Country of origin	ownership percentage	
			June 20, 2022	December 31, 2021
Knowledge network for business services	Systems analysis, design and programming of special software - Biotechnology Solutions Providing senior management consulting services.	KSA	100%	100%
Real estate knowledge network	Application development Artificial intelligence technology, 3D printing technology, management and leasing of owned or leased residential and non-residential real estate.	KSA	100%	100%
softmore	Trade in computer supplies and data processing. Trade in computer systems and programs,	UAE	100%	100%

	communication devices			
Information technology graduate	Systems analysis, design and programming of special software, application development, biotechnology solutions, financial technology solutions, providing marketing services on behalf of others.	KSA	87,4%	100%
Property FZE	Trading in the computer system, its software, computer hardware and accessories.	UAE	50%	50%

\*\* The group sold 12.6% of its investment in Takharuj Information Technology Company and made profits from selling the investment in the amount of 1,000,000 Saudi riyals.

Basis for preparing the condensed consolidated interim financial statements

### General considerations

These interim condensed statements have been prepared using the measurement bases specified in IFRS for each type of asset, liability, income and expense. Yesterday measurement is fully described in the accounting policies.

The principal accounting policies in preparing these interim condensed financial statements have been applied on a regular basis to all the years presented, unless otherwise stated.

The preparation of the interim condensed financial statements in accordance with International Financial Reporting Standards requires the use of some significant accounting estimates. It also requires the group's management to exercise judgment in applying the group's accounting policies. The significant judgments and estimates used in preparing the condensed interim financial statements and their impact are disclosed in Note No. (3).

These condensed interim financial statements have been prepared on the historical cost basis except for the following:

Measure the defined benefit plan at the present value of the future obligations using the projected unit credit method

In addition, these condensed interim financial statements have been prepared using the accrual basis of accounting and the going concern basis.

### Significant accounting judgments, estimates and assumptions

The preparation of the Group's consolidated financial statements requires management to make judgments, estimates and assumptions that affect revenues, expenses, assets and liabilities, and the accompanying disclosures and disclosure of potential liabilities. Uncertainty about these assumptions and estimates results in material adjustments to the book value of assets and liabilities in future periods.

These estimates and assumptions are based on experience and various other factors that are believed to be reasonable under the circumstances and are used to measure the carrying amounts of assets and liabilities that are difficult to obtain from other sources. The estimates and underlying assumptions are reviewed on an



ongoing basis. Revisions to accounting estimates are recognized during the period in which the estimates are revised if the changed estimates affect current and future periods.

The judgments made by the management in applying the accounting policies of the group, which may have a material impact on the amounts included in the condensed consolidated interim financial statements, are the same as those used in the company's financial statements for the year ending on December 31, 2021 AD.

#### 4- Summary of important accounting policies

The accounting policies and calculation methods applied in the preparation of the interim condensed financial statements are consistent with those used in the preparation of the annual financial statements of the Group for the year ending on December 31, 2021, except for the application of the new standards that entered into force as of January 1, 2022. The Group did not apply early any standard or other interpretation or amendment issued but not entered into force.

#### 5- Property and equipment, net

	June 30, 2022	December 31, 2021
cost:		
Balance at the beginning of the period/year	3,069,398	2,031,343
Additions during the period/year	1,448,442	1,045,755
Exclusions	-	(7,700)
Balance at the end of the period/year	4,517,820	3,069,398
Accumulated amortization:		
Balance at the beginning of the period/year	1,709,558	1,266,389
Additions during the period/year	239,282	448,241
Exclusions	-	(5,072)
Balance at the end of the period/year	1,948,840	1,709,558
Net book value	2,568,980	1,359,840

During the year 2022, the company carried out improvements to leasehold property in the amount of 1,220,972 Saudi riyals, and they have not been completed as of the date of these condensed consolidated interim financial statements.

#### 6- Net intangible assets

	June 30, 2022	December 31, 2021
cost:		



Balance at the beginning of the period/year	19,798,761	14,247,106
Additions during the period/year	2,760,133	5,551,655
Balance at the end of the period/year	22,558,894	19,798,761
Accumulated amortization:		
Balance at the beginning of the period/year	7,705,180	6,072,571
Additions during the period/year	869,764	1,632,609
Balance at the end of the period/year	8,574,944	7,705,180
Net book value	13,983,950	12,093,581

## 7- Investments in equity instruments

Investments in equity instruments include the following:

	June 30, 2022	December 31, 2021
Investments in equity instruments through profit and loss - Quoted (A)	43,665	19,995,203
Investments in equity instruments at amortized cost - unquoted (b)	3,750	3,750
	47,415	19,998,952

The following is the movement on investments in equity instruments during the period/year

	June 30, 2022	December 31, 2021
Balance at the beginning of the year period	19,998,952	-
Additions	4,731,243	20,003,750
Exclusions	(24,683,846)	-
Gains (losses) from impairment of investments in equity instruments	1,065	(4,797)
Balance at the end of the year period	47,415	19,998,953

Profits from selling investments in equity instruments for the six-month period ending on June 30, 2022 amounted to 1,759,243 Saudi riyals (30 June 2021). nothing).

**A-** Investments in equity instruments through profit and loss - carried at fair value which is determined on the basis of the quoted market price in the active markets in which they are traded.

**B-** Investments in equity instruments at amortized cost - unlisted are recorded at cost less impairment (if any), due to the inability to measure their fair value in a reliable manner without undue cost or effort.

## 8- Transactions and balances with the relevant authorities

Transactions with related parties are approved by the senior management. The following are the details of transactions with related parties that took place during the period / year:

The relevant party	Type of transaction	nature of relationship	June 30, 2022	December 31, 2021

Vicentral Ho Lingding Ltd	finance	associate company	535,948	377,385
Financial Technology Book Company	finance	equity investments	-	38,800
Amwal Financial Brokerage Company	Selling investments	A subsidiary of an associate company	1,000,000	-

The liability consists of related parties of the following:

	June 30, 2022	December 31, 2021
Amwal Financial Brokerage Company	347,707	-
Financial Technology Book Company	38,800	38,800
	386,507	38,800

Key management personnel benefits are as follows:

	June 30, 2022	December 31, 2021
Short term employee benefits	812,356	692,593
Employee benefits	3,568,612	3,304,710
	4,380,968	3,997,303

Cash and equivalent

Cash and cash equivalents as at June 30, 2022 include an amount of SAR 20,730,001 held and available within an investment portfolio.

## 10- Revenues

	For the six-month period ending June 30	
	2022	2021
revenue over time	24,202,740	20,260,565
revenue at a point in time	6,112,249	710,867
	30,314,989	20,971,432

## 11- Basic and diluted earnings per share

	For the six-month period ending June 30	
	2022	2021
Net profit (loss) for the period attributable to the shareholders of the parent company	4,872,035	1,322,207
Weighted average number of common shares	3,500,000	1,501,025
	1,39	0,88

The calculation of basic/diluted earnings per share is based on the profit attributable to ordinary shareholders and the weighted average number of ordinary shares outstanding. Earnings per share for the periods ending on 30 June 2022 and 30 June 2021 have been calculated based on the weighted average number of shares outstanding during the period. As the weighted average number of shares on June 30, 2022 is 3,500,000 shares (21) 20 1,501,025 shares. There are no potential dilutive shares

On October 28, 2021, the company increased the number of shares by 3,350,000 shares by issuing 1,998,975 shares in return for cash deposits from shareholders and capitalizing 1,351,025 shares from the retained earnings. Therefore, the weighted average number of shares outstanding was determined. As at 30 June 2021 on the new average number of shares after capitalization.

## 12- Potential liabilities

The Group has outstanding bank guarantees as at June 30, 2022 in the amount of 3,292,859 Saudi riyals (June 30, 2021: 3,292,859 Saudi riyals), offset by cash guarantees held with banks in the amount of 771,591 Saudi riyals: (2021: 771, 591 Saudi riyals).

The Group also has capital commitments as of June 30, 2022 amounting to SR 187,500 related to projects under implementation.

## 13 - Financial risk management

The company's activities expose it to multiple financial risks such as credit risk, liquidity risk and market price risk. Credit risk Credit risk is the risk that one party to a financial instrument will fail to discharge an obligation and cause the Group to incur a financial loss. The Group is not exposed to significant credit risk. Cash is placed in banks with high credit ratings

### Liquidity risk

Liquidity risk is the risk that an entity 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. The following are the contractual maturities at the end of the reporting period for the financial liabilities.

	less than one year	More than a year and less than five years	Total
June 30, 2022			
Accrued expenses and other credit balances	1,673,853	-	1,673,853
Lease obligations	844,817	1,235,584	2,080,401
	2,518,670	1,235,584	3,754,254
December 31, 2021			
Accrued expenses and other credit balances	2,642,344	-	2,642,344
Lease obligations	286,525	136,165	422,690
	2,928,869	136,165	3,065,034

#### Commission rate risk

Commission rate risk represents the risk arising from the fluctuation of the value of financial instruments due to changes in commission rates prevailing in the market. The company is subject to commission rate risk.

#### currency risk

Currency risk is the risk that the value of financial instruments will fluctuate as a result of changes in foreign exchange rates. Currency risk arises when future transactions and recognized assets and liabilities are denominated in a currency different from that of the functional group.

The company's exposure to foreign currency risk is primarily limited to transactions in US dollars and UAE dirhams, and the group'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. As for transactions using the UAE dirham, they have insignificant effects. Fluctuations in exchange rates against other currencies are monitored on an ongoing basis.

#### 14 - Subsequent and significant events

The shareholders decided in a meeting on August 21, 2022 to submit to the Capital Market Authority to register the company in the parallel market - "Nomu" and offer 20% of the company's shares amounting to 3,500,000 shares, i.e. (700,000) traded shares.

#### 15- The date of approval of the condensed consolidated interim financial statements

These condensed consolidated interim financial statements were approved by the Group's management on Safar 9, 1444 AH corresponding to September 5, 2022 AD.