

**Prime Gate Company Limited
(Limited Liability Company)
Financial statements
For Year Ended 31 December 2024
And Independent Auditors' Report**

**Prime Gate Company Limited
(Limited Liability company)**

**Financial Statements
For the year ended 31 December 2024**

INDEX	Page
Independent Auditor's Report	1-2
Statement of Financial Position	3
Statement of comprehensive income	4
Statement of Changes in Owner's Equity	5
Statement of Cash Flows	6
Notes to the Financial Statements	7-19

Independent Auditors' Report
To The Partners of Prime Gate Company Limited
(Limited Liability Company)

Opinion

We have audited the financial statements of Prime Gate Company Limited (Limited Liability Company), which comprise the statement of financial position as of 31 December 2024, the statement of comprehensive income, the statement of changes in equity and statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Company as of 31 December 2024, and its financial performance and its cash flows for the year that ended in accordance with International Financial Reporting Standards for Small and Medium-sized Entities (IFRS for SMEs) as endorsed in the Kingdom of Saudi Arabia and other standards and pronouncements that are issued by The Saudi Organization for Chartered and Professional Accountants ("SOCPA").

Basis of Opinion

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

Emphasis Matter

The financial statements for the comparative period ending on 31 December 2023, which were prepared in accordance with the International Financial Reporting Standard for Small and Medium Enterprises adopted in the Kingdom of Saudi Arabia and other standards and issuances approved by the Saudi Organization for Auditors and Accountants, have been reviewed by another auditor, who issued an unmodified opinion thereon in his report issued on 14 Rabi' Al-Awwal 1445 AH corresponding to 17 September 2024.

Responsibilities of Management and Those Charged with Governance for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with International Financial Reporting Standards for Small and Medium-sized Entities (IFRS for SMEs) as endorsed in the Kingdom of Saudi Arabia and other standards and pronouncements that are issued by the SOCRA, and the provisions of Companies' Law and Company's articles of association and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with International Standards on Auditing that are endorsed in the Kingdom of Saudi Arabia will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken based on these financial statements.

Independent Auditor's Report
To The Partners of Prime Gate Company Limited
(Limited Liability Company)

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

As part of an audit in accordance with International Standards on Auditing that are endorsed in the Kingdom of Saudi Arabia, we exercise professional judgement and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit to design audit procedures that are appropriate in the circumstances, but not to express an opinion on the effectiveness of the Company'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, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure, and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation
- We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.


 Sindi & Batterjee Co.
 Taha Abdul Latif Maimani
 License No. 822



Riyadh 8 Dhu al-Hijjah 1446H
 Corresponding to 3 June 2025

Prime Gate Company Limited

(Limited Liability Company)

Statement of Financial Position

As at 31 December 2024

SAR

Assets	Notes	31 December 2024	31 December 2023
Current Assets			
Cash and cash equivalents	5	12,205,665	5,761,130
Trade Receivables and other Debit Balances	6	109,523,662	72,618,537
Accrued revenues	7	182,538,648	183,127,896
Works in progress	8	3,006,763	-
Due from related party	9/A	3,572,447	3,657,285
Inventories	10	17,845,818	17,457,556
Total Current Assets		328,693,003	282,622,404
Non-Current Assets			
Intangible Assets	11	1,525,189	4,158,903
Property, plant and equipment	12	38,050,728	40,171,343
Total Non-Current Assets		39,575,917	44,330,246
Total Assets		368,268,920	326,952,650
Liabilities and Equity			
Current Liabilities			
Payables and other accrued expenses	13	71,407,363	48,220,897
Loans & facilities	14	133,704,191	148,436,529
Lease contracts obligations -current portion	15/A	4,151,344	1,849,489
Due To Related Parties	9/B	11,478,645	340,496
Zakat provision	16	7,170,576	4,825,210
Total Current Liabilities		227,912,119	203,672,621
Non Current Liabilities			
Employees defined benefits	17	13,077,971	13,203,745
Lease contracts obligations -non-current portion	15/B	-	2,019,255
Total Non current liabilities		13,077,971	15,223,000
Total Liabilities		240,990,090	218,895,621
Equity			
Capital	18	25,000,000	25,000,000
Additional Capital	19	75,000,000	-
Statutory Reserve		4,582,828	4,582,828
Retained earnings		22,696,002	78,474,201
Total Equity		127,278,830	108,057,029
Total Equity and Liabilities		368,268,920	326,952,650

The attached notes 1 to 25 form part of these financial statements.

**Prime Gate Company Limited
(Limited Liability Company)**

**Statement of Comprehensive Income
For the year ended 31 December 2024
SAR**

		31 December 2024	31 December 2023
Revenue	20	384,021,048	417,757,627
Cost of Revenue		(307,081,246)	(346,622,104)
Gross profit		76,939,802	71,135,523
General & administration expenses	21	(36,061,467)	(27,218,921)
Other items			
Finance cost	22	(17,978,774)	(19,566,124)
Other revenues		-	62,469
Net income before Zakat		22,899,561	24,412,947
Zakat		(3,101,850)	(2,164,185)
Net Income for the year		19,797,711	22,248,762
Other comprehensive income			
Other comprehensive income not to be classified to income in subsequent years :			
Re-measurements(losses) gains of employees' defined benefits		(575,910)	943,420
Total comprehensive income for the year		19,221,801	23,192,182

Prime Gate Company Limited
(Limited Liability Company)

Statements of changes in Equity

As at 31 December 2024

SAR

	Capital	Additional Capital	Statuary reserve	Retained earnings	Total
2023					
Balance as 1 January 2023	25,000,000	-	4,582,828	55,282,019	84,864,847
Net profit for the year	-	-	-	22,248,762	22,248,762
Other comprehensive income	-	-	-	943,420	943,420
Total comprehensive income for the year	-	-	-	23,192,182	23,192,182
Balance as 31 December 2023 (after adjustment)	25,000,000	-	4,582,828	78,474,201	108,057,029
2024					
Balance as 1 January 2024	25,000,000	-	4,582,828	78,474,201	108,057,029
Net profit for the year	-	-	-	19,797,711	19,797,711
Other comprehensive income	-	-	-	(575,910)	(575,910)
Total comprehensive income for the year	-	-	-	19,221,801	19,221,801
Transferred to additional capital	-	75,000,000	-	(75,000,000)	-
Balance as 31 December 2024	25,000,000	75,000,000	4,582,828	22,696,002	127,278,830

**Prime Gate Company Limited
(Limited Liability Company)**

Statement of Cash Flow

For the year ended 31 December 2024

SAR

<u>Operating Activities</u>	31 December 2024	31 December 2023
Net profit for the year before Zakat	22,899,561	24,412,947
Adjustments for:		
Depreciation of property and equipment	6,758,170	6,881,446
Amortization of intangible Assets	4,692,422	3,846,726
Provision for impairment of accounts receivable and other debit balances	420,264	520,767
Provision for impairment of inventory	24,436	-
Employees benefits, provided	4,838,395	5,884,859
Finance cost	17,978,774	19,566,124
	57,612,022	61,112,869
Adjustments in operating assets and liabilities		
Trade Receivables and other Debit Balances	(36,886,778)	52,306,128
Accrued revenues	150,637	(66,506,539)
Works in progress	(3,006,763)	6,315,312
Due from related party	84,838	(1,667,870)
Inventories	(412,698)	(3,349,118)
Payables and other accrued expenses	23,186,466	(6,964,523)
Zakat paid	(756,484)	(597,727)
Employees' defined benefit paid	(5,540,079)	(3,392,210)
Financing Cost -paid	(17,978,774)	(19,091,000)
Cash From operations	16,452,387	18,165,322
Investing Activities		
Additions to property, plant and equipment	(3,099,830)	(3,416,246)
Additions to Intangible Assets	(2,058,708)	(2,118,330)
Net Cash (used in) investing activities	(5,158,538)	(5,534,576)
Financing activities:		
Due to related party	11,138,149	164,754
Financing lease	(1,255,125)	(2,265,390)
Bank loans and facilities	(14,732,338)	(16,305,172)
Net Cash (used in) investing activities	(4,849,314)	(18,405,808)
Net change in cash& its equivalents	6,444,535	(5,775,062)
Cash& its equivalents balances at the beginning of the year	5,761,130	11,536,192
Cash and its equivalents balances at the end of the year	12,205,665	5,761,130
Non-cash transactions		
Financial lease obligations against property, plant and equipment	1,537,725	3,224,948

The attached notes 1 to 25 form part of these financial statements.

**Prime Gate Company Limited
(Limited Liability Company)**

Notes To the Financial Statement (continued)
For the Year ended 31 December 2024

1- Organization and Activities:

Prime Gate Company for Communications and Information Technology - a limited liability company - registered in the Kingdom of Saudi Arabia under Commercial Registration No. 1010191666 issued by Riyadh on 7 Shawwal 1424H (corresponding to December 1, 2003G) and the unified number (7001762553)

The company's activity is as follows:

General construction of residential buildings - General construction of non-residential buildings (such as schools, hospitals, hotels, etc.) etc.) - General construction of government buildings - Construction of roads, streets, sidewalks and road accessories - Extension of pipes of various types for electricity, communications and others - Extension of oil and gas pipelines - Repair and maintenance of electrical power stations and transformers - Repair and maintenance of telecommunications stations and towers and radar - Construction and establishment of electrical power stations and transformers - Establishment and construction of telecommunications stations and towers and radar - Construction of dams - Preparation and processing of sites of drilling and leveling - Extension of electrical wires - Extension of Communication wires - network extensions - Installation and extension of television and satellite networks - Installation and maintenance of security devices - Gas pipe extensions, maintenance and repair - Steam pipe extensions, maintenance and repair - Fire pipe extensions, maintenance and repair - Irrigation pipe extensions, maintenance and repair - Installation and extension of air conditioning pipes, maintenance and repair - Wholesale of security services - Retail sale of security services.

The company's main address is 6233 Riyadh 13316-232816, Saudi Arabia.

. Branches

The company has the following branches:

Branch Name	Registration NO.	Registration Date
Prime Gate Company for Communications and Information Technology	1010617909	Riyadh
Prime Gate Company for Communications and Information Technology	1010503840	Riyadh
Prime Gate Company for Communications and Information Technology	4030378994	Jeddah
Prime Gate Company for Communications and Information Technology	2055127129	Jubail
Prime Gate Company for Communications and Information Technology	4031237109	Makah
Prime Gate Company for Communications and Information Technology	1010805278	Riyadh
Prime Gate Company for Communications and Information Technology	1010841156	Riyadh
Prime Gate Company for Communications and Information Technology	1010855165	Riyadh
Prime Gate Company for Communications and Information Technology	1010958145	Riyadh
Prime Gate Company for Communications and Information Technology	1010975758	Riyadh

2 BASES OF PREPARATION

2-1 Statement of compliance

These Financial Statements have been prepared in accordance with International Financial Reporting Standard for Small and Medium-Sized Entities ("IFRS for SMEs") issued by the International Accounting Standards Board ("IASB"), that is endorsed in the Kingdom of Saudi Arabia and other standards and pronouncements that are endorsed by Saudi Organization for Certified Public Accountants ("SOCPA") (collectively referred to as "IFRS for SMEs as endorsed in KSA").

2-2 Judgments and estimates

The preparation of financial statements in conformity with the IFRS for SMEs requires the use of certain critical accounting estimates. It also requires management to exercise its judgment in the process of applying the Company's accounting policies. This has been disclosed in note 4.

**Prime Gate Company Limited
(Limited Liability Company)**

Notes To the Financial Statement (continued)
For the Year ended 31 December 2024

2 BASES OF PREPARATION (continued)

2-3 Basis of measurement

These financial statements have been prepared on a historical cost basis, using the accruals basis of accounting and the going concern concept.

2-4 Functional and presentation currency

Items included in the financial statements of the Company set aside measured are using the currency of the primary economic environment in which the Company operates (the "functional currency"). These financial statements are presented in Saudi Riyals (SR), which is the functional and presentation currency of the Company.

3. Summary of significant accounting policies

The following are the significant accounting policies applied in the preparation of these financial statements:

3-1 Current versus non-current classification

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

- Expected to be realized or intended to be sold or consumed in the normal operating cycle, Or
- It holds the asset primarily for the purpose of trading, Or
- Due to be settled within twelve months after the reporting period; or
- The asset is cash or a cash equivalent unless it is restricted from being exchanged or used to settle a liability for at least twelve months after the reporting date.

The Company classifies all other liabilities as non-current.

Liabilities

A liability is current when:

- It is expected to be settled in the normal operating cycle
- It holds the asset primarily for the purpose of trading.
- Due to be settled within twelve months after the reporting period; or
- There is no unconditional right to defer the settlement of the liability for at least twelve months after the reporting period.

The Company classifies all other liabilities as non-current.

3-2 FINANCIAL ASSETS AND FINANCIAL LIABILITIES

Financial assets carried in the statement of financial position principally include cash and cash equivalents and trade and other receivables. Financial liabilities include trade payables, accruals, other payables, and bank loan.

Impairment and un-collectability of financial assets

An assessment is made at each statement of financial position date to determine whether there is objective evidence that a specific financial asset may be impaired. If such evidence exists, any impairment loss is recognized in the profit or loss in the statement of comprehensive income. Impairment is determined as follows:

- For assets carried at amortized cost, impairment is the difference between the carrying amount and the present value of future cash flows discounted at the original effective interest rate.
- The impairment loss is the difference between the asset's carrying amount and the best estimate (which will necessarily be an approximation) of the amount (which might be zero) that the Company would receive for the asset if it were to be sold at the reporting date.

Offsetting of a financial asset and a financial liability

Financial assets and liability are offset, and the net amount reported in the financial statements, when the Company has a legally enforceable right to set-off the recognized amounts and intends either to settle on a net basis, or to realize the asset and liability simultaneously.

**Prime Gate Company Limited
(Limited Liability Company)**

**Notes To the Financial Statement (continued)
For the Year ended 31 December 2024**

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

3-3 Cash and bank balances

Cash and cash equivalents are defined as cash in hand, cash in current bank accounts and highly liquid investments that has low risk to be converted to cash and its accrual period is three months or less.

3-4 Trade and other receivables

Receivables are stated at original invoice amount less allowance for doubtful debts. Provision for doubtful debts is recognized when there is objective evidence that the Company will not be able to collect all accruals as per the original terms of receivables. Provisions are charged in the statement of comprehensive income and are stated under general and administrative expenses. When receivables are uncollectable, they are written off against the provision of doubtful debts.

3-5 Inventories

Inventory is measured at the lower of cost and net realizable value. Cost is determined using the weighted average method. The cost includes the purchase cost, the conversion cost and other costs incurred in bringing the inventory to its location and in its current state. Due to the usage of all inventory assets held by the Company to provide services, net realizable value is not calculated. Allowance is made, where necessary, for slow moving and defaulted inventory.

3-6 Property, plant, and equipment

Property and equipment are recognized for use in the operating, administrative and marketing operations for a period of more than one year when potential future benefits are available, and their cost can be reliably measured and is often significant.

Property and equipment are stated at cost less accumulated depreciation and impairment losses on the value of that property, plant and equipment if there are indications of impairment and the carrying amount is less than netbook value. The cost of property, plant and equipment includes all the direct costs necessary to acquire the asset and make it ready for the intended use or purpose.

When any asset, plant and equipment is disposed of, the resulting gain or loss is charged to the difference between the consideration and the carrying amount of the asset on the statement of income.

Property and equipment items are depreciated from the date of their utilization according to the straight-line method over the estimated useful lives, except for improvements in leased properties that are depreciated over the estimated useful life of the asset or less of the lease, whichever is shorter.

<u>Category of property, plant, and equipment</u>	<u>Depreciation rate</u>	<u>Category of property, plant, and equipment</u>	<u>Depreciation rate</u>
vehicle	10% - 20%	Improvements to rented buildings	20% or contract period, whichever is lower
Machines & Equipment	10% - 20%		
Furniture & fixture	20%		
Office Equipment	33.3%		

Any subsequent expenses incurred, such as renovations and improvements with significant value and are expected to lead to potential future benefits, are recognized and their cost can be reliably measured within the cost of property and equipment.

The useful lives of property and equipment are reviewed periodically to ensure their suitability to the operational and use changes of those assets at the date of the financial statements.

**Prime Gate Company Limited
(Limited Liability Company)**

**Notes To the Financial Statement (continued)
For the Year ended 31 December 2024**

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

3-7 Intangible assets

Intangible assets represent purchased computer software, shown at cost less accumulated amortization and any accumulated impairment losses, and amortized over their estimated useful life of five years using the straight-line method. If there is an indication of a significant change in the amortization rate, useful life or residual value of intangible assets, amortization will be adjusted in the future.

3-8 Impairment of non-financial assets

At each reporting date, property, plant, and equipment and reviewed to determine whether there is any indication that those assets have suffered an impairment loss. If there is an indication of possible impairment, the recoverable amount of any affected asset (or cash-generating units) is estimated and compared with its carrying amount. If recoverable amount is lower, the carrying amount is reduced to its estimated recoverable amount, and an impairment loss is recognized immediately in profit or loss in the statement of comprehensive income.

Similarly, at each reporting date, inventories are assessed for impairment by comparing the carrying amount of each inventory (or group of similar items) with its selling price and less costs to sell. If an item of inventory (or group of similar items) is impaired, the amount is reduced to the selling price less costs to sell, and an impairment loss is recognized immediately in the statement of comprehensive income.

3-9 Accrued expenses and other credit Balance

Trade accounts payable are obligations to pay for goods or services obtained within the normal business cycle from suppliers. Trade accounts payable are classified as current liabilities if they are payable within one year or less, otherwise they are represented as non-current liabilities. They are recognized initially at the transaction price, and subsequently measured at amortized cost using the EIR method.

3-10 Provisions

Provisions are recognized when the Company has:

- A present legal or constructive obligation as a result of a past event,
- It is probable that an outflow of economic resources will be required to settle the obligation in the future, and
- The amount can be reliably estimated.
- If the effect of the time value of money is material, provisions are discounted using a current pre-tax and zakat rate reflecting a current market assessment of the time value of money and the risks specific to the liability. Where discounting is used, the increase in the provision of the passage of time is recognized as part of the finance costs in the profit or loss in the statement of comprehensive income.

3-11 Zakat

Zakat is provided for in accordance with the Regulations of GAZT applied in the Kingdom of Saudi Arabia and on accruals basis. The provision is charged to the statement of income. Differences are amended. If any, resulting from final assessments in the year in which the assessments are finalized.

3-12 Related party transactions:

Terms and conditions of these transactions are approved by the Company's management, and the Company transacts through its normal course of business in terms of the related parties' transactions on the basis of the prices and terms stated in the contracts signed with the Company's management.

3-13 Employees defined benefits liabilities

Employee benefits that the foundation grants to its employees after the last employment date are limited to the "end-of-service" only, as the planned credit unit was not used to measure the end-of-service obligation due to the management's assessment that there is an unjustified effort and cost, and the simplified model was used without the support of an actuarial expert. Management believes that the balance of the end-of-service obligation, which was calculated in accordance with the Saudi labor regulation as per the accounting policy adopted by the Establishment on the financial Position date, does not materially differ from the balance calculated using actuarial calculation.

**Prime Gate Company Limited
(Limited Liability Company)**

**Notes To the Financial Statement (continued)
For the Year ended 31 December 2024**

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

3-14 Statutory reserve

In accordance with the Saudi Arabian Regulations for Companies, the Company must set aside 10% of its net income each year as statutory reserve until the reserve equals 30% of the share capital. This reserve is not available for distribution.

3-15 Revenue recognition

The revenues from construction contracts include the initial value of each contract, in addition to change orders, incentives, or subsequent claims under the contract, provided that there is sufficient expectation of realizing that value and it can be reliably estimated.

When the results of the contract can be reliably estimated, revenue from construction contracts is recognized using the percentage of completion method based on the initial contract prices of the work performed, plus claims for price adjustments based on management's estimate, through the itemized list of work performed, and the contract costs incurred to earn this revenue are recognized.

- In the event that the contract cannot be reliably estimated, revenue is recognized within the limits of the costs incurred on the contract and is expected to be recoverable.
- Expected contract losses are recognized as an expense when there is a possibility of the total contract cost exceeding the total revenue, regardless of the contract completion stage.

Unbilled Revenue

Recognized revenues that exceed the amounts billed to customers are classified as current assets and considered as revenues for which no invoices have been issued (i.e., the work performed and related progress billings have been issued and are approved by the customer).

3-16 Expenses

All expenses, including operating expenses directly attributable to the Company's main activities, as well as general, administrative and other expenses, are recognized in the statement of Income in the financial period in which those expenses were realized.

All other indirect expenses are classified as general and administrative expenses.

3-17 Leases

Lease is classified as a finance lease if it transfers all the risks and benefits associated with the ownership of the asset to the company. All other leases are classified as operating leases.

Company as a lessee

Right of use assets that are held under finance leases are recognized as assets of the Company at the fair value of the leased property (or if lower, the present value of minimum lease payments) at the inception of the lease. The corresponding liability to the lessor is included in the statement of financial position as a finance under lease obligation. Lease payments are apportioned between finance charges and reduction of the lease liability so as to achieve a constant rate of the remaining balance of the liability.

3-18 Dividends

Profits distributed in the financial statements are recorded in the period in which the distribution is approved by the annual partners of the company, where these distributions are recorded as an obligation on the company and subtracted from the retained earnings,

3-19 Statement of cash flows:

Cash Flows are prepared as per the indirect method.

**Prime Gate Company Limited
(Limited Liability Company)**

Notes To the Financial Statement (continued)
For the Year ended 31 December 2024

4-1 Significant accounting estimates, assumptions and judgments

The preparation of the Company's financial statements requires management to make judgments, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and the disclosure of contingent liabilities, at the reporting date. However, uncertainty about these assumptions and estimates could result in outcomes that could require a material adjustment to the carrying amount of the asset or liability affected in the future.

The estimates and assumptions are based upon experience and various other factors that are believed to be reasonable under the circumstances and are used to judge the carrying values of assets and liabilities that are not readily apparent from other sources. Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimates are revised or in the revision period and future periods if the changed estimates affect both current and future periods.

4-2 Key sources of estimation uncertainty

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

4-3 Impairment of non-financial assets

Impairment exists when the carrying value of an asset or cash-generating unit exceeds its recoverable amount, which is the higher of its fair value, less costs of disposal, and its value in use. The fair valueless costs of disposal calculation are based on available data from binding sales transactions, conducted at arm's length, for similar assets or observable market prices and less incremental costs for disposing of the asset. The value-in-use calculation is based on the discounted cash flow model (DCF). The cash flows are derived from the budget for the next five years and do not include restructuring activities that the Company is not yet committed to or significant future investments that will enhance the performance of the Cash Generating Unit ("CGU") being tested. The recoverable amount is sensitive to the discount rate used for the DCF model as well as the expected future cash-inflows and the growth rate used for extrapolation purposes.

4-4 Provisions

By their nature, provisions are dependent upon estimates and assessments of whether the criteria for recognition have been met, including estimates of the probability of cash outflows. Provisions for litigation are based on an estimate of the costs, taking into account legal advice and other information presently available. Provisions for termination benefits and exit costs, if any, also involve management's judgment in estimating the expected cash outflows for severance payments and site closures or other exit costs. Provisions for uncertain liabilities involve management's best estimate of whether cash outflows are probable.

4-5 Estimated useful lives of property and equipment

The Company's management determines the estimated useful lives of its property and equipment for calculating depreciation on a straight-line basis over their estimated useful lives. This estimate is determined after considering expected usage of the assets or physical wear and tear.

Management reviews the useful lives and residual value of the assets at each annual reporting period and future depreciation charge would be adjusted at the end of each reporting year where the management believes the useful lives differ from previous estimates

Prime Gate Company Limited

(Limited Liability Company)

Notes To the Financial Statement (continued)

For the Year ended 31 December 2024

4. Significant accounting estimates, assumptions, and judgments (continued)

4-6 Impairment receivables Trading

An estimate of the collectible amount of trade accounts receivable is made when collection of the full amount is no longer probable. For significant individual amounts, assessment is made on an individual basis. Amounts which are not individually significant, but which are past due, are assessed collectively and an allowance applied according to the length of time passed due, based on historical recovery rates.

4-7 Going concern

Going concern The Company's management has assessed its ability to continue as a going concern and is satisfied that it has the resources to continue in business for the foreseeable future. Furthermore, the management is not aware of any material uncertainties that may cast significant doubt upon the Company's ability to continue as a going concern. Therefore, the financial statements continue to be prepared on a going concern basis.

4-8 Fair value measurement of financial instruments

When the fair value of financial assets and financial liabilities recorded in the statement of financial position cannot be measured based on quoted prices in active markets, their fair value is determined using valuation techniques including the DCF model. The inputs to these models are taken from observable markets, where possible, but where this is not feasible, a degree of judgment is required in establishing fair values. The judgements include considerations of inputs such as liquidity risk, credit risk and volatility. Changes in assumptions about these factors could affect the reported fair value of financial instruments.

**Prime Gate Company Limited
(Limited Liability Company)**

Notes To the Financial Statements (Continued)
For the year ended 31 December 2024
SAR

5- Cash and cash equivalents

	31 December 2024	31 December 2023
Cash at banks	12,205,665	5,761,130
	12,205,665	5,761,130

5-1 Trade receivables and other debit balances

	31 December 2024	31 December 2023
Trade receivables	60,548,383	36,759,175
Allowance for doubtful debts	(985,859)	(1,004,206)
	59,562,524	35,754,969
Advance payments to suppliers	19,053,449	12,829,990
Allowance for advance payments to suppliers	(2,396,343)	(2,396,343)
	16,657,106	10,433,647
Prepaid expense	27,372,354	23,506,077
Staff loans	2,949,920	1,708,447
Letters of guarantee	717,971	717,971
Refundable Insurance	45,470	31,550
Other debit balances	2,218,317	465,876
	109,523,662	72,618,537

6/A) The movement in provision for doubtful trade receivables is as follows :

	31 December 2024	31 December 2023
Provision for doubtful debts at the beginning of the year	1,004,206	483,439
Provision for doubtful debts, provided	420,264	520,767
Used during the year (reclassification to the doubtful debts provision of accrued revenue)	(438,611)	-
	985,859	1,004,206

6/B) The movement in provision for doubtful Advance payments to suppliers is as follows :

	31 December 2024	31 December 2023
Provision for doubtful debts at the beginning of the year	2,396,343	2,396,343
	2,396,343	2,396,343

7-Accrued Revenues

The accrued revenues are represented by the value of the works carried out, and no invoices were issued until the end of the year. The company lists all the executed works and compares them with the invoices submitted to customers. All such works are recognized as accrued revenues (2024: SAR 182,538,648, 2023: SAR 183,127,896).

	31 December 2024	31 December 2023
Opening balance	183,127,896	116,621,357
Addition during the year	387,184,230	420,567,329
Billed during the year	(387,334,867)	(354,060,790)
Provision for doubtful debts Accrued Revenue, provided	(438,611)	-
	182,538,648	183,127,896

7/a) The movement in provision for doubtful Accrued Revenues Is as follows as:

	31 December 2024	31 December 2023
Provision for doubtful debts, provided	438,611	-
	438,611	-

8- Works in Progress

The works in progress is represented by the amounts spent by the company's management that have not been billed. During the year, this is reflected in the contracts concluded with the Saudi Data Authority for Artificial Intelligence and the basic requirements for the operation of the MIFON network, where the total amounts reached 3,006,763 Saudi riyals as of December 31, 2024 (2023: nothing).

	31 December 2024	31 December 2023
Opening balance	-	6,315,312
Addition during the year	3,006,763	-
Used during the year	-	(6,315,312)
	3,006,763	-

**Prime Gate Company Limited
(Limited Liability Company)**

Notes To the Financial Statements (Continued)

For the year ended 31 December 2024

SAR

9- Transactions with Related Parties

9-a) Due from related parties

	<u>Nature of Relationship</u>	<u>31 December 2024</u>	<u>31 December 2023</u>
Najd Atlal Contracting Company	Sister company	3,479,612	3,574,175
Zahran Maintenance & Operation Company	Sister company	92,835	83,110
		3,572,447	3,657,285

9-b) due to related parties

		<u>31 December 2024</u>	<u>31 December 2023</u>
Abdul Rahman Eid Mishaan Al-Harbi	partner	11,478,645	340,496
		11,478,645	340,496

The following is a statement of the transactions:

<u>Related parties and their type</u>	<u>Nature of transaction</u>	<u>31 December 2024</u>	<u>31 December 2023</u>
Najd Atlal Contracting Company	Payment & withdrawals	(94,563)	1,644,120
Zahran Maintenance & Operation Company	Payment & withdrawals	9,725	26,750
Abdul Rahman Eid Mishaan Al-Harbi	Financing	11,138,149	164,754

10- Inventories

The inventory item represents the value of materials and supplies used in projects. The movement in the inventory is as follows:

		<u>31 December 2024</u>	<u>31 December 2023</u>
Inventories		18,073,639	17,660,941
Provision for doubtful debts Accrued Revenue, provided		(227,821)	(203,385)
		17,845,818	17,457,556

10(a) The movement in provision for doubtful Inventories is as follows as:

	<u>31 December 2024</u>	<u>31 December 2023</u>
Opening balance	203,385	203,385
Provision for doubtful debts, Provided	24,436	-
	227,821	203,385

11- Intangible Assets

Cost

	<u>31 December 2024</u>	<u>31 December 2023</u>
Balance at 01 January 2024	20,870,827	18,752,497
Additions	2,058,708	2,118,330
Balance at 31 December 2024	22,929,535	20,870,827

Amortization

	<u>31 December 2024</u>	<u>31 December 2023</u>
Balance at 01 January 2024	16,711,924	12,865,198
Additions	4,692,422	3,846,726
Balance at 31 December 2024	21,404,346	16,711,924
Book value as at 31 December 2024	1,525,189	4,158,903

Prime Gate Company Limited
 (Limited Liability Company)
STATEMENT OF CHANGES IN OWNER'S EQUITY
 For the year ended 31 December 2024
 SAR

<u>12- Property, plant and equipment:</u>					
<u>Cost</u>	<u>Vehicle</u>	<u>Machines& Equipment</u>	<u>Furniture & fixture</u>	<u>Office Equipment</u>	<u>Improvements to rented buildings</u>
Balance at 01 January 2024	8,166,973	58,682,670	1,510,045	2,011,369	1,481,239
Additions	1,561,986	1,961,788	56,069	285,560	772,152
Balance at 31 December 2024	<u>9,728,959</u>	<u>60,654,458</u>	<u>1,566,114</u>	<u>2,296,929</u>	<u>2,253,391</u>
<u>Depreciation</u>					
Balance at 01 January 2024	5,744,041	22,628,043	1,376,384	1,570,934	371,551
Additions	770,492	5,585,920	118,738	204,055	78,965
Balance at 31 December 2024	<u>6,514,533</u>	<u>28,213,963</u>	<u>1,495,122</u>	<u>1,774,989</u>	<u>450,516</u>
Book value as					
At 31 December 2024	<u>3,214,426</u>	<u>32,440,495</u>	<u>70,992</u>	<u>521,940</u>	<u>1,802,875</u>
At 31 December 2023	<u>2,422,932</u>	<u>36,064,627</u>	<u>133,661</u>	<u>60,889-</u>	<u>1,109,688</u>

* Additions to the item of vehicles include the value of assets purchased under financial lease contracts of SAR 1,537,725, the balance of the depreciation accumulated reached SAR 25,629 and the book value was SAR 1,512,096 as at 31 December 2024 as stated note No. [15] to the financial statements.

**Prime Gate Company Limited
(Limited Liability Company)**

Notes To the Financial Statements (Continued)

For the year ended 31 December 2024

SAR

13- Trade Payable & Other Credit Balances

	31 December 2024	31 December 2023
Trade payable	25,043,206	11,700,155
Accrued expense & credit Notes	13,388,264	13,857,180
Vacations and tickets	9,041,378	12,192,907
Vat	9,030,450	4,875,831
Accrued to employees	6,795,449	3,218,592
Advance payments from customers	8,085,280	2,373,299
Other credit balances	23,336	2,933
	71,407,363	48,220,897

14-Loans and facilities

	31 December 2024	31 December 2023
Loans & facilities	133,704,191	148,436,529
	133,704,191	148,436,529

15-Lease contracts

	31 December 2024	31 December 2023
Lease contracts - current portion	4,151,344	1,849,489
Lease contracts - non current portion	-	2,019,255
	4,151,344	3,868,744

16-Zakat provision

16/a) Zakat was calculated according to the following basis:

	31 December 2024	31 December 2023
Equity for the current year / Equity for the previous year	146,503,961	84,864,847
Other provisions and adjustments	-	14,739,093
Obligations and equivalents	13,077,971	-
Non-current assets	(39,575,917)	(44,330,246)
Adjusted net profit for the year	-	31,293,697

B- The following is a statement of the transactions:

	31 December 2024	31 December 2023
Opening balance	4,825,210	3,258,752
Charge for the year	3,101,850	2,164,185
Paid during the year	(756,484)	(597,727)
	7,170,576	4,825,210

C- Zakat Status

The company submitted Zakat declarations for previous years and until 2023 to the Zakat, Tax and Customs Authority, the company obtained the required certificates. However, the final assessment has not made up to the date of current financial statement.

17-Employee defined Benefits:

The company shall determine the present value of employee benefit liabilities by conducting an actuarial valuation in the following manner, taking into account the additional unit expected after considering the following assumptions:

	31 December 2024	31 December 2023
Discount rate	5.50%	4.50%
Rate of increase of benefits	3.50%	4.50%
Turnover rate of employees	22.50%	22.50%

B- The movement of specific benefits obligations for employees was as follows:

	31 December 2024	31 December 2023
Employees' benefits at the beginning of the year	13,203,745	11,179,392
Current services cost	4,397,611	5,884,859
Component during the year	440,784	475,124
Re-measuring employee benefit obligations	575,910	(943,420)
Paid during the year	(5,540,079)	(3,392,210)
Employees' benefits at the end of the year	13,077,971	13,203,745

**Prime Gate Company Limited
(Limited Liability Company)**

Notes To the Financial Statements (Continued)

For the year ended 31 December 2024

SAR

18- Capital

The company's capital of SAR 25,000,000 as of December 31, 2024, is divided into 250,000 shares of equal value. The value of each share is SAR 100, distributed as follows:

Partner's name	Number of shares	share value	Total
Abdul Rahman Eid Mishaan Al-Harbi	150,000	100	15,000,000
Badr Ghram Allah Raddad Al-Zahrani	100,000	100	10,000,000
	250,000		25,000,000

19- Additional Capital

According to the partners' resolution dated November 3, 2024, it was approved to increase the company's capital from SAR 25,000,000 to SAR 100,000,000, an increase of SAR 75,000,000 deducted from retained earnings. The increase has been included in the additional capital item until the completion of the statutory procedures.

20-Revenues

Revenues from service delivery are primarily classified by public or private sector and the timing of revenue recognition, where revenue is realized based on the passage of time. The company provides services for the construction and extension of communication cables, maintenance services for communication cabins, marketing products for telecommunications companies, and providing technical information services for ministries and public authorities. Revenues amounted to SAR 384,021,048 for the year ended December 31, 2024 (2023: SAR 417,757,627).

21-General and administrative expenses:

	31 December 2024	31 December 2023
Salaries& wages	27,290,105	16,345,798
Governance fees	2,925,304	3,623,764
Rents	2,267,319	1,514,490
Depreciation of property, plant and equipment	645,835	476,326
Water, Electricity & Telecom	148,566	443,084
Amortization of intangible assets	41224	120,488
Transfer & Tickets	31,979	1,460,333
Impairment of receivables and accrued revenues	420,264	520,767
Impairment of inventory	24,436	-
Other general and administration expenses	2,266,435	2,713,871
	36,061,467	27,218,921

22-Financing Cost

Financing expenses during the year 2024 amounted to SAR 17,978,774 (2023: SAR 19,566,124).

23-Financial Instruments Risk Management:

Currency risk:

The currency risk is that financial instruments will fluctuate due to changes in foreign exchange rates. The company's main transactions are in Saudi Riyals, US dollars, and Euros. Transactions in US dollars do not represent significant risks to the company.

Liquidity risk :

Liquidity risk is the risk that the company will not be able to meet commitments associated with financial obligations when they fall due. The company monitors its liquidity requirements on a regular basis, and management ensures that cash is available to meet any obligations when they arise, including agreements for credit facilities to address any future liabilities.

Credit risk:

Credit risk is the risk that one party to financial instruments will fail to discharge an obligation, causing the other party to incur a financial loss. The company is working on limiting credit risks by setting credit limits for each individual customer, monitoring outstanding receivables, and obtaining various guarantees as collateral from some customers. Regarding credit risk arising from the company's other financial instruments, the company's exposure to risk arises from the default of the parties it is dealing with in payment, and the maximum exposure equals the book value of these instruments.

24- Comparative figures

Certain comparative figures have been reclassified to align with the presentation of the current year's figures, and these reclassifications have no equity or net impact on the company's income for the previous period.

(Limited Liability Company)

Notes To the Financial Statements (Continued)

Notes To the Financial Statements (Continued)

For the year ended 31 December 2024

SAR

25-Approval of Financial Statements:

The company's financial statements were approved by the General Manager on Dhu al-Hijjah 8, 1446 AH (corresponding to June 3, 2025 AD).