REDINGTON SAUDI ARABIA DISTRIBUTION COMPANY
(SINGLE SHAREHOLDER LIMITED LIABILITY COMPANY)

FINANCIAL STATEMENTS AND INDEPENDENT AUDITOR'S REPORT FOR THE YEAR ENDED MARCH 31, 2024

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Deloitte.

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INDEPENDENT AUDITOR'S REPORT

To the shareholder
Redington Saudi Arabia Distribution Company
Single Shareholder Limited Liability Company
Riyadh, Kingdom of Saudi Arabia

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of **Redington Saudi Arabia Distribution Company** (the "Company"), which comprise the statement of financial position as at March 31, 2024, and the statement of profit or loss and other comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, and notes to the financial statements, including material accounting policy information.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Company as at March 31, 2024, and its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards that are endorsed in the Kingdom of Saudi Arabia and other standards and pronouncements issued by the Saudi Organization for Chartered and Professional Accountants ("SOCPA") (collectively referred to as "IFRSs that are endorsed in the Kingdom of Saudi Arabia").

Basis for 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 International Code of Ethics for Professional Accountants (including International Independence Standards) ("the Code") as 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 the requirements of the Code. 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 Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with International Financial Reporting Standards that are endorsed in the Kingdom of Saudi Arabia and applicable Regulations for Companies and the 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, i.e., the Directors, are responsible for overseeing the Company's financial reporting process.

Independent Auditor's Report to the shareholders of Redington Saudi Arabia Distribution Company (Continued)

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 on the basis of these financial statements.

As part of an audit in accordance with International Standards on Auditing 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 the one resulting from error, as fraud may involve collusion, forgery, intentional omission, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our 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 represents 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.

Deloitte and Touche & Co.
Chartered Accountants

Alwaleed K. Alkhayyal
Certified Public Accountant
License No. 625

Dhual-Hijja 4, 1445H
June 10, 2024

REDINGTON SAUDI ARABIA DISTRIBUTION COMPANY
(SINGLE SHAREHOLDER LIMITED LIABILITY COMPANY)

STATEMENT OF FINANCIAL POSITION
AS AT MARCH 31, 2024

	Note	2024 SR	2023 SR
ASSETS			
NON-CURRENT ASSETS			
Property and equipment	5	**518,105**	578,184
Right-of-use assets	6	**632,739**	1,329,354
Total non-current assets		**1,150,844**	1,907,538
CURRENT ASSETS			
Inventories	7	**394,381,119**	444,137,455
Trade and other receivables	8	**973,936,018**	758,829,870
Due from related parties	9	**691,740**	11,902,986
Cash and cash equivalents	10	**31,517,578**	43,914,484
Total current assets		**1,400,526,455**	1,258,784,795
TOTAL ASSETS		**1,401,677,299**	1,260,692,333
EQUITY AND LIABILITIES			
EQUITY			
Share capital	1	**30,000,000**	30,000,000
Statutory reserve	11	**9,000,000**	9,000,000
Retained earnings		**240,288,011**	165,665,214
Total equity		**279,288,011**	204,665,214
NON-CURRENT LIABILITIES			
Lease liabilities- non-current portion	6	**182,367**	707,889
Employees defined benefits liabilities	12	**13,847,904**	12,420,155
Total non-current liabilities		**14,030,271**	13,128,044
CURRENT LIABILITIES			
Trade and other payables	13	**366,708,779**	444,986,450
Short term borrowings	14	**77,438,182**	-
Lease liabilities - current portion	6	**525,523**	725,136
Due to related parties	9	**657,324,887**	589,059,519
Income tax payable	15	**6,361,646**	8,127,970
Total current liabilities		**1,108,359,017**	1,042,899,075
Total liabilities		**1,122,389,288**	1,056,027,119
TOTAL EQUITY AND LIABILITIES		**1,401,677,299**	1,260,692,333

STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME FOR THE YEAR ENDED MARCH 31, 2024

	Note	**2024** **SR**	2023 SR
Revenues	16	**4,984,652,145**	3,911,658,629
Cost of revenues	17	**(4,692,958,683)**	(3,674,375,508)
Gross profit		**291,693,462**	237,283,121
Selling and marketing expenses	18	**(76,281,451)**	(70,585,007)
General and administrative expenses	19	**(41,455,070)**	(33,065,193)
Operation support fees	9	**(63,120,116)**	(47,160,675)
Operating income		**110,836,825**	86,472,246
Other income		**724,238**	446,849
Finance cost	20	**(16,850,887)**	(8,576,844)
Profit before income tax		**94,710,176**	78,342,251
Income tax	15	**(19,847,444)**	(18,416,836)
Profit for the year		**74,862,732**	59,925,415
Other comprehensive loss			
Items that will not be reclassified subsequently to profit or loss:			
Re-measurement (loss) / gain on employees defined benefit liabilities	12	**(239,935)**	2,955,756
Total comprehensive income for the year		**74,622,797**	62,881,171

REDINGTON SAUDI ARABIA DISTRIBUTION COMPANY
(SINGLE SHAREHOLDER LIMITED LIABILITY COMPANY)

STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED MARCH 31, 2024

	Share capital SR	Statutory reserve SR	Retained earnings SR	Total SR
Balance at April 1, 2022	30,000,000	9,000,000	102,784,043	141,784,043
Profit for the year	-	-	59,925,415	59,925,415
Other comprehensive income	-	-	2,955,756	2,955,756
Total comprehensive income	-	-	62,881,171	62,881,171
Balance at March 31, 2023	30,000,000	9,000,000	165,665,214	204,665,214
Profit for the year	-	-	**74,862,732**	**74,862,732**
Other comprehensive loss	-	-	**(239,935)**	**(239,935)**
Total comprehensive income	-	-	**74,622,797**	**74,622,797**
Balance at March 31, 2024	**30,000,000**	**9,000,000**	**240,288,011**	**279,288,011**

The accompanying notes form an integral part of these financial statements

REDINGTON SAUDI ARABIA DISTRIBUTION COMPANY
(SINGLE SHAREHOLDER LIMITED LIABILITY COMPANY)

STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED MARCH 31, 2024

	2024 SR	2023 SR
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit before income tax	**94,710,176**	78,342,251
Adjustments for:		
(Reversal of) / Allowance for slow-moving inventories	**(1,562,205)**	11,972,718
Allowance for expected credit losses	**6,685,613**	321,770
Employees defined benefit liabilities	**1,795,941**	1,924,011
Depreciation of property and equipment	**416,312**	449,624
Amortization of right-of-use assets	**696,615**	721,001
Loss on disposal of assets	-	2,536
Interest expense of lease liability	**31,019**	47,182
Finance cost	**16,819,868**	8,529,662
Operating cash flows before movements in working capital	**119,593,339**	102,310,755
Movements in working capital:		
Inventories	**51,318,541**	(317,851,459)
Trade and other receivables	**(221,791,761)**	(123,185,910)
Due from related parties	**11,211,246**	(9,443,981)
Trade and other payables	**(78,277,671)**	120,838,151
Due to related parties	**68,265,368**	266,695,736
Cash (used in) / generated from operations	**(49,680,938)**	39,363,292
Employees defined benefit liabilities paid	**(1,214,217)**	(428,707)
Income tax paid	**(21,613,768)**	(19,538,514)
Finance cost paid	**(16,213,778)**	(8,160,836)
Net cash (used in) / generated from operating activities	**(88,722,701)**	11,235,235
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of property and equipment	**(356,233)**	(426,731)
Net cash used in investing activities	**(356,233)**	(426,731)
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceed from short-term borrowings	**1,402,205,350**	370,808,167
Repayment of short-term borrowings	**(1,324,767,168)**	(370,808,167)
Repayment of lease liabilities	**(756,154)**	(765,885)
Net cash generated from / (used in) financing activities	**76,682,028**	(765,885)
Net change in cash and cash equivalents	**(12,396,906)**	10,042,619
Cash and cash equivalents at the beginning of the year	**43,914,484**	33,871,865
Cash and cash equivalents at the end of the year	**31,517,578**	43,914,484
Non-cash transactions:		
Re-measurement loss / (gain) on employees defined b liabilities	**239,935**	(2,955,756)
Employees defined benefit obligation transferred to a related party	-	(330,758)

The accompanying notes form an integral part of these financial statements

1. ORGANISATION AND ACTIVITIES

Redington Saudi Arabia Distribution Company ("the Company") is a Limited Liability Company registered in Riyadh, Kingdom of Saudi Arabia, under commercial registration number 1010421743 dated Shawal 22, 1435H (corresponding to August 18, 2014), with branches in Khobar and Jeddah.

The address of the Company's registered office is as follows:

Olaya Street,
P.O. Box 66120
Riyadh 11576
Kingdom of Saudi Arabia

The principal activities of the Company are to engage in importing and trading of telephone and telecommunication equipment, computers, accessories and software pursuant to the license issued by the Saudi Arabian General investment authority No. 1049350636254 dated Jumada Al Thani 24, 1435H (corresponding to April 24, 2014)

The share capital of the Company amounting to SR 30,000,000 (March 31, 2023: SR 30,000,000) is divided into 30,000 shares (March 31, 2023: 30,000) of SR 1,000 each. The shareholder of the Company as of March 31, 2024 and 2023 are as follows:

Name	Country of incorporation	Ownership percentage	Number of shares	Share capital SR
Redington Gulf FZE	United Arab Emirates	100%	30,000	30,000,000

The Company has the following branches in the Kingdom of Saudi Arabia:

Branch	C.R / License Number	Date (Hijri)
Khobar	2051062502	25 Sha'ban 1437AH (corresponding to May 22,2017)
Jeddah	4030289498	25 Sha'ban 1437AH (corresponding to May 22,2017)

The results, assets and liabilities of these branches are included in these financial statements.

2. MATERIAL ACCOUNTING POLICY INFORMATION

Basis of preparation

These financial statements have been prepared in accordance with International Financial Reporting Standards that are endorsed in the Kingdom of Saudi Arabia and other standards and pronouncements issued by the Saudi Organization for charted and professional Accountants ("SOCPA"), collectively hereafter referred to as "IFRS".

The financial statements have been prepared on the historical cost basis except for the employee defined benefit liabilities, which have been actuarially valued and right of use of assets and lease liabilities payable that have been recorded at the present value of future lease rent payable.

The financial statements are presented in Saudi Riyals (SR), which is the Company's functional and presentation currency.

2. MATERIAL ACCOUNTING POLICY INFORMATION (Continued)

Property and equipment

Property and equipment are stated at cost less accumulated depreciation and accumulated impairment losses, if any. Cost includes expenditure that is directly attributable to the acquisition of the item. Subsequent costs are included in the asset's carrying amount or recognized as a separate asset, as appropriate, only when it is probable that the future economic benefits associated with the item will flow to the Company and the cost can be measured reliably. Expenditure on maintenance and repairs is expensed, while expenditure for improvement is capitalized.

Depreciation is recognized so as to write off the cost of assets less their residual values over their useful lives, using the straight-line method. The estimated useful lives, residual values and depreciation method are reviewed at the end of each reporting period, with the effect of any changes accounted for on a prospective basis.

The estimated useful lives of the principal classes of assets are as follows:

	Years
Furniture and fixtures	5
Warehouse equipment	5
Office equipment	5
Computers	3

An item of property and equipment is derecognized upon disposal or when no future economic benefits are expected to arise from the continued use of the asset. Any gain or loss arising on the disposal or retirement of an item of property and equipment is determined as the difference between the net sales proceeds and the carrying amount of the asset and is recognized in profit or loss.

Impairment of tangible assets

At the end of each reporting period, the Company reviews the carrying amounts of its tangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). When it is not possible to estimate the recoverable amount of an individual asset, the Company estimates the recoverable amount of the cash-generating unit to which the asset belongs. When a reasonable and consistent basis of allocation can be identified, corporate assets are also allocated to individual cash-generating units, or otherwise they are allocated to the smallest Company of cash-generating units for which a reasonable and consistent allocation basis can be identified.

Recoverable amount is the higher of fair value less costs of disposal and value in use. 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 for which the estimates of future cash flows have not been adjusted.

If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (or cash-generating unit) is reduced to its recoverable amount. An impairment loss is recognized immediately in profit or loss.

When an impairment loss subsequently reverses, the carrying amount of the asset (or a cash-generating unit) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognized for the asset (or cash-generating unit) in prior years. A reversal of an impairment loss is recognized immediately in profit or loss.

2. MATERIAL ACCOUNTING POLICY INFORMATION (Continued)

Leases (and right of use assets)
The Company assesses whether contract is or contains a lease, at inception of the contract. The Company recognizes a right-of-use asset and a corresponding lease liability with respect to all lease arrangements in which it is the lessee, except for short-term leases (defined as leases with a lease term of 12 months or less) and leases of low value assets. For these leases, the Company recognizes the lease payments as an operating expense on a straight-line basis over the term of the lease unless another systematic basis is more representative of the time pattern in which economic benefits from the leased assets are consumed.

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted by using the rate implicit in the lease. If this rate cannot be readily determined, the Company uses its incremental borrowing rate.

Lease payments included in the measurement of the lease liability comprise:
- fixed lease payments (including in-substance fixed payments), less any lease incentives;
- variable lease payments that depend on an index or rate, initially measured using the index or rate at the commencement date;
- the amount expected to be payable by the lessee under residual value guarantees;
- the exercise price of purchase options, if the lessee is reasonably certain to exercise the options; and
- payments of penalties for terminating the lease, if the lease term reflects the exercise of an option to terminate the lease

The lease liability is presented as a separate line item in the statement of financial position.

The lease liability is subsequently measured by increasing the carrying amount to reflect interest on the lease liability (using effective interest method) and by reducing the carrying amount to reflect the lease payments made.

The Company remeasures the lease liability (and makes a corresponding adjustment to the related right-of-use asset) whenever:

- The lease term has changed or there is a change in the assessment of exercise of a purchase option, in which case the lease liability is remeasured by discounting the revised lease payments using a revised discount rate.
- The lease payments change due to changes in an index or rate or a change in the expected payment under a guaranteed residual value, in which case the lease liability is remeasured by discounting the revised lease payments using the initial discount rate (unless the lease payments change is due to a change in a floating interest rate, in which case a revised discount rate is used).
- A lease contract is modified, and the lease modification is not accounted for as a separate lease, in which case the lease liability is remeasured by discounting the revised lease payments using a revised discount rate.

2. MATERIAL ACCOUNTING POLICY INFORMATION (Continued)

Leases (and right of use assets) (Continued)
The right-of-use assets comprise the initial measurement of the corresponding lease liability, lease payments made at or before the commencement day, less any lease incentives received and any initial direct costs. They are subsequently measured at cost less accumulated amortization and impairment losses.

The right-of-use assets are amortized over the shorter period of lease term and useful life of the underlying asset. If a lease transfers ownership of the underlying asset or the cost of the right-of-use of asset reflects that the Company expects to exercise a purchase option, the related right-of-use asset is depreciated over the useful life of the underlying asset. The depreciation starts at the commencement date of the lease.

The Company applies IAS 36 to determine whether a right-of-use asset is impaired and accounts for any identified impairment loss as described in the 'Impairment of tangible assets' policy.

The right-of-use assets are presented as a separate line in the statement of financial position.

Variable rents that do not depend on an index or rate are not included in the measurement of the lease liability and the right-of-use asset. The related payments are recognised as an expense in the period in which the event or condition that triggers those payments occurs and are included in profit or loss.

Inventories
Inventories are stated at the lower of cost or net realizable value. Cost is determined on a weighted average cost basis and includes expenditure incurred in acquiring the inventories and bringing them to their present location and condition. Net realizable value is the estimated selling price in the ordinary course of business, less the estimated costs of completion and selling expenses.

Financial instruments
Financial assets and financial liabilities are recognized when the Company becomes a party to the contractual provisions of the instruments.

Financial assets and financial liabilities are initially measured at fair value. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets and financial liabilities at fair value through profit or loss) are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition. Transaction costs directly attributable to the acquisition of financial assets or financial liabilities at fair value through profit or loss are recognized immediately in profit or loss.

Financial assets
The Company recognizes financial assets on a trade date basis at which the Company becomes a part to the provisions of the contract.

All of the Company's recognized financial assets are subsequently measured in their entirety at amortized cost using the effective interest rate ("EIR") method (if the impact of discounting or any transaction costs is significant). Interest income from these financial assets is included in finance income. Any gain or loss arising on derecognition is recognized directly in profit or loss and presented in other income / expenses.

2. MATERIAL ACCOUNTING POLICY INFORMATION (Continued)

Financial instruments (Continued)

Financial assets (Continued)

Classification of financial assets
Financial assets that meet the following conditions are subsequently measured at amortized cost:
- the financial asset is held within a business model whose objective is to hold financial assets in order to collect contractual cash flows; and
- the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

The Company does not have any financial asset that meets the criteria to be classified as subsequently measured at 'fair value through profit or loss' or at 'fair value through other comprehensive income' nor it has elected to irrevocably designate its financial assets to be subsequently measured at 'fair value through profit or loss' or at 'fair value through other comprehensive income'.

Effective interest method
The effective interest method is a method of calculating the amortized cost of a debt instrument and of allocating interest income over the relevant period. EIR is the rate that exactly discounts estimated future cash receipts (including all fees and costs paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) excluding expected credit losses, through the expected life of the debt instrument, or, where appropriate, a shorter period, to the gross carrying amount of the debt instrument on initial recognition.

The amortized cost of a financial asset is the amount at which the financial asset is measured at initial recognition minus the principal repayments, plus the cumulative amortization using the EIR method of any difference between that initial amount and the maturity amount, adjusted for any loss allowance. On the other hand, the gross carrying amount of a financial asset is the amortized cost of a financial asset before adjusting for any loss allowance.

Interest income is recognized using the EIR method for debt instruments measured subsequently at amortized cost. Interest income is calculated by applying the EIR to the gross carrying amount of a financial asset, except for financial assets that have subsequently become credit-impaired. For financial assets that have subsequently become credit-impaired, interest income is recognized by applying the EIR to the amortized cost of the financial asset. If, in subsequent reporting periods, the credit risk on the credit-impaired financial instrument improves so that the financial asset is no longer credit-impaired, interest income is recognized by applying the EIR to the gross carrying amount of the financial asset.

Impairment of financial assets
The Company recognizes a loss allowance for expected credit losses on cash and cash equivalents and trade and other receivables. The amount of expected credit losses is updated at each reporting date to reflect changes in credit risk since initial recognition of the respective financial instrument.

The Company measures the loss allowance for trade and other receivables at an amount equal to lifetime expected credit losses ("ECL"). The expected credit losses on trade and other receivables are estimated using a provision matrix by reference to past default experience of the debtor and an analysis of the debtor's current financial position, adjusted for factors that are specific to the debtors, general economic conditions of the industry in which the debtors operate and an assessment of both the current as well as the forecast direction of conditions at the reporting date, including time value of money where appropriate.

2. MATERIAL ACCOUNTING POLICY INFORMATION (Continued)

Financial instruments (Continued)

Financial assets (Continued)

Impairment of financial assets (Continued)
For all other financial instruments, the Company recognizes lifetime ECL when there has been a significant increase in credit risk since initial recognition. If, on the other hand, the credit risk on the financial instrument has not increased significantly since initial recognition, the Company measures the loss allowance for that financial instrument at an amount equal to 12 month ECL. The assessment of whether lifetime ECL should be recognized is based on significant increases in the likelihood or risk of a default occurring since initial recognition instead of on evidence of a financial asset being credit-impaired at the reporting date or an actual default occurring.

Lifetime ECL represents the expected credit losses that will result from all possible default events over the expected life of a financial instrument. In contrast, 12 month ECL represents the portion of lifetime ECL that is expected to result from default events on a financial instrument that are possible within 12 months after the reporting date.

Measurement and recognition of expected credit losses
The measurement of expected credit losses is a function of the probability of default, loss given default (i.e. the magnitude of the loss if there is a default) and the exposure at default. The assessment of the probability of default and loss given default is based on historical data adjusted by forward-looking information. As for the exposure at default this is represented by the assets' gross carrying amount at the reporting date.

For financial assets, the expected credit loss is estimated as the difference between all contractual cash flows that are due to the Company in accordance with the contract and all the cash flows that the Company expects to receive, discounted at the original effective interest rate.

Where lifetime ECL is measured on a collective basis to cater for cases where evidence of significant increases in credit risk at the individual instrument level may not yet be available, the financial instruments are grouped on the following bases:

- Nature of financial instruments
- Past-due status; and
- Nature, size and industry of debtors

The grouping is regularly reviewed by management to ensure the constituents of each group continue to share similar credit risk characteristics.

If the Company has measured the loss allowance for a financial instrument at an amount equal to lifetime ECL in the previous reporting period, but determines at the current reporting date that the conditions for lifetime ECL are no longer met, the Company measures the loss allowance at an amount equal to 12 month ECL at the current reporting date.

The Company recognizes an impairment gain or loss in profit or loss for all financial instruments with a corresponding adjustment to their carrying amount through a loss allowance account.

2. MATERIAL ACCOUNTING POLICY INFORMATION (Continued)

Financial instruments (Continued)

Financial assets (Continued)

Significant increase in credit risk
In assessing whether the credit risk on a financial instrument has increased significantly since initial recognition, the Company compares the risk of a default occurring on the financial instrument as at the reporting date with the risk of a default occurring on the financial instrument as at the date of initial recognition. In making this assessment, the Company considers both quantitative and qualitative information that is reasonable and supportable, including historical experience and forward-looking information that is available without undue cost or effort.

In particular, the following information is taken into account when assessing whether credit risk has increased significantly since initial recognition:

- an actual or expected significant deterioration in the financial instrument's external (if available) or internal credit rating
- significant deterioration in external market indicators of credit risk for a particular financial instrument
- existing or forecast adverse changes in business, financial or economic conditions that are expected to cause a significant decrease in the debtor's ability to meet its debt obligations.
- an actual or expected significant deterioration in the operating results of the debtor.
- significant increases in credit risk on other financial instruments of the same debtor
- an actual or expected significant adverse change in the regulatory, economic, or technological environment of the debtor that results in a significant decrease in the debtor's ability to meet its debt obligations.

Irrespective of the outcome of the above assessment, the Company presumes that credit risk on the financial asset has increased significantly since initial recognition when contractual payments are more than 90 days past due, unless the Company has reasonable and supportable information that demonstrates otherwise.

Despite the foregoing, the Company assumes that the credit risk on a financial instrument has not increased significantly since initial recognition if the financial instrument is determined to have low credit risk at the reporting date. A financial instrument is determined to have low credit risk if i) the financial instrument has a low risk of default, ii) the counterparty has a strong capacity to meet its contractual cash flow obligations in the near term and iii) adverse changes in economic and business conditions in the longer term may, but will not necessarily, reduce the ability of the borrower to fulfil its contractual cash flow obligations. The Company considers a financial asset to have low credit risk when it has an internal or external credit rating of 'investment grade' in accordance with the globally understood definition.

The Company regularly monitors the effectiveness of the criteria used to identify whether there has been a significant increase in credit risk and revises them as appropriate to ensure that the criteria can identify significant increase in credit risk before the amount becomes past due.

2. MATERIAL ACCOUNTING POLICY INFORMATION (Continued)

Financial instruments (Continued)

Financial assets (Continued)

Definition of default
The Company considers the following as constituting an event of default for internal credit risk management purposes as historical experience indicates that receivables that meet either of the following criteria are generally not recoverable.

- When there is a long outstanding debt and a similar past experience exists; or
- Information developed internally or obtained from external sources indicates that the debtor is unlikely to pay its creditors, including the Company, in full (without taking into account any collateral held by the Company)

Irrespective of the above analysis, the Company considers that default has occurred when a financial asset is more than one year past due unless the Company has reasonable and supportable information to demonstrate that a more lagging default criterion is more appropriate.

Credit-impaired financial assets
A financial asset is credit-impaired when one or more events that have a detrimental impact on the estimated future cash flows of that financial asset have occurred. Evidence that a financial asset is credit-impaired includes observable data about the following events:

- significant financial difficulty of the issuer or the borrower
- a breach of contract, such as a default or past due event
- the lender(s) of the borrower, for economic or contractual reasons relating to the borrower's financial difficulty, having granted to the borrower a concession(s) that the lender(s) would not otherwise consider
- it is becoming probable that the counterparty will enter bankruptcy or other financial reorganization; and
- the disappearance of an active market for that financial asset because of financial difficulties.

Write-off policy
The Company writes off a financial asset when there is information indicating that the counterparty is in severe financial difficulty and there is no realistic prospect of recovery, for example when the counterparty has been placed under liquidation or has entered into bankruptcy proceedings, whichever occurs sooner. Financial assets written off may still be subject to enforcement activities under the Company's recovery procedures, taking into account legal advice where appropriate. Any recoveries made are recognized in profit or loss.

Derecognition of financial assets
The Company derecognizes a financial asset only when the contractual rights to the cash flows from the asset expire, or when it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another party. If the Company neither transfers nor retains substantially all the risks and rewards of ownership and continues to control the transferred asset, the Company recognizes its retained interest in the asset and an associated liability for amounts it may have to pay. If the Company retains substantially all the risks and rewards of ownership of a transferred financial asset, the Company continues to recognize the financial asset and also recognizes a collateralized borrowing for the proceeds received.

On derecognition of a financial asset measured at amortized cost, the difference between the asset's carrying amount and the sum of the consideration received and receivable is recognized in profit or loss.

2. MATERIAL ACCOUNTING POLICY INFORMATION (Continued)

Financial instruments (Continued)

Financial liabilities
Financial liabilities are recognised initially on the trade date, which is the date that the Company becomes a party to the contractual provisions of the instrument. All financial liabilities are subsequently measured at amortized cost.

Derecognition of financial liabilities
The Company derecognizes financial liabilities when, and only when, the Company's obligations are discharged, cancelled or they expire. The difference between the carrying amount of the financial liability derecognized and the consideration paid and payable, including any non-cash assets transferred or liabilities assumed, is recognized in profit or loss.

Offsetting of financial assets and liabilities
Financial assets and liabilities are offset and the net amount is presented in the statement of financial position when, and only when, the Company has a legal right to offset the amounts and intends either to settle on a net basis or to realise the asset and settle the liability simultaneously.

Cash and cash equivalents
For the purposes of the statement of cash flows, cash and cash equivalents comprise cash on hand and deposits held with banks, all of which are available for use by the Company unless otherwise stated and have maturities of three months or less, which are subject to insignificant risk of changes in values.

Provisions
Provisions are recognized when the Company has a present obligation (legal or constructive) as a result of a past event, it is probable that the Company will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation.

The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at the reporting date, taking into account the risks and uncertainties surrounding the obligation. Where a provision is measured using the cash flows estimated to settle the present obligation, its carrying amount is the present value of those cash flows (when the effect of the time value of money is material).

When some or all of the economic benefits required to settle a provision are expected to be recovered from a third party, a receivable is recognised as an asset if it is virtually certain that reimbursement will be received and the amount of the receivable can be measured reliably.

Employee benefits

Employee defined benefit liabilities
The employee defined benefit liability is determined using the projected unit credit method, with actuarial valuations being carried out at the end of each reporting period. Re-measurements, comprising actuarial gains and losses, are reflected immediately in the statement of financial position with a charge or credit recognized in other comprehensive income in the period in which they occur.

Re-measurements recognized in other comprehensive income are reflected immediately in retained earnings and will not be reclassified to profit or loss in subsequent periods. Changes in the present value of the defined benefit obligation resulting from plan amendments or curtailments are recognized immediately in profit or loss as past service costs. Interest is calculated by applying the discount rate at the beginning of the period to the net defined benefit liability or asset.

2. MATERIAL ACCOUNTING POLICY INFORMATION (Continued)

Employee benefits (Continued)

Defined benefit costs are categorized as follows:

- service cost (including current service cost, past service cost, as well as gains and losses on curtailments and settlements);
- interest expense; and
- re-measurement gains / (losses).

The Company presents the first two components of defined benefit costs in profit or loss in relevant line items.

Short-term employee benefits
A liability is recognized for benefits accruing to employees in respect of wages and salaries, annual leave, air tickets and sick leave that are expected to be settled wholly within twelve months after the end of the period in which the employees render the related service. The liability is recorded at the undiscounted amount of the benefits expected to be paid in exchange for that service.

Retirement benefits
Retirement benefits made to defined contribution plans are expensed when incurred.

Revenue recognition
Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Company and the revenue can be reliably measured, regardless of when the payment is being made. Revenue is measured at the fair value of the consideration received or receivable, taking into account contractually defined terms of payment and excluding discounts, rebates, customer returns and other taxes. The following specific recognition criteria must also be met before revenue is recognised:

(i) Revenue from sale of goods

The Company recognises revenue from contracts with customers based on a five-step model as set out in IFRS 15:

1) Identify the contract(s) with a customer: A contract is defined as an agreement between two or more parties that creates enforceable rights and obligations and sets out the criteria for each of those rights and obligations.
2) Identify the performance obligations in the contract: A performance obligation is a promise in a contract with a customer to transfer a good or service to the customer.
3) Determine the transaction price: The transaction price is the amount of consideration to which the Company expects to be entitled in exchange for transferring promised goods or services to a customer, excluding amounts collected on behalf of third parties.
4) Allocate the transaction price to the performance obligations in the contract: For a contract that has more than one performance obligation, the Company will allocate the transaction price to each performance obligation in an amount that depicts the amount of consideration to which the Company expects to be entitled in exchange for satisfying each performance obligation.
5) Recognise revenue when (or as) the entity satisfies a performance obligation at a point in time or over time.

2. MATERIAL ACCOUNTING POLICY INFORMATION (Continued)

Revenue recognition (continued)

(i) Revenue from sale of goods (continued)

The Company satisfies a performance obligation and recognises revenue over time, if one of the following criteria is met:

- The customer simultaneously receives and consumes the benefits provided by the Company's performance as it performs; or
- The Company's performance creates or enhances an asset that the customer controls as the asset is created or enhanced; or
- The Company's performance does not create an asset with an alternative use to the Company and the entity has an enforceable right to payment for performance completed to date.

The Company allocates the transaction price to the performance obligations in a contract based on the input method which requires revenue recognition on the basis of the Company's efforts or inputs to the satisfaction of the performance obligations.

When the Company satisfies a performance obligation by delivering the promised goods or services it creates a contract asset based on the amount of consideration earned by the performance. Where the amount of consideration received from a customer exceeds the amount of revenue recognised this gives rise to a contract liability.

Revenue is measured at the fair value of the consideration received or receivable, taking into account contractually defined terms of payment and excluding taxes and duty. The Company assesses its revenue arrangements against specific criteria to determine if it is acting as principal or agent and has concluded that it is acting as a principal in all of its revenue arrangements, except for revenue from renewal of service packs and revenue from professional services.

(ii) Revenue from renewal of service packs

Revenue from renewal of service packs is recorded as net as there is no inventory risk. Any subsequent purchase or possession of the same service pack by the Company is considered transitory as it is definite that the inventory will ultimately be transferred and there is no meaningful period that the Company holds the inventory before it is transferred to the end user.

Income tax

The income tax charge is computed based on the adjusted net income and charged to the statement of profit or loss and other comprehensive income. Any differences in the estimate is recorded when the final assessment is approved, at which time the provision is cleared.

2. MATERIAL ACCOUNTING POLICY INFORMATION (Continued)

Deferred tax

Deferred tax is recognized on temporary differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit. Deferred tax liabilities are generally recognized for all taxable temporary differences. Deferred tax assets are generally recognized for all deductible temporary differences to the extent that it is probable that taxable profits will be available against which those deductible temporary differences can be utilized. The carrying amount of deferred tax assets is reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

Foreign currency translation

Foreign currency transactions are translated into Saudi Riyals at the rates of exchange prevailing at the time of the transactions. Monetary assets and liabilities denominated in foreign currencies at the reporting date are translated at the exchange rates prevailing at that date. Gains and losses from settlement and translation of foreign currency transactions are included in the profit or loss.

3. NEW AND AMENDED STANDARDS AND INTERPRETATIONS

The following standards, amendments, or interpretations effective for annual periods beginning on or after April 1, 2023, did not have a significant impact on the Company's financial statements:

Standard, interpretation, amendments	Description	Effective date
Narrow scope amendments to IAS 1	Practice statement 2 and IAS 8 - The amendments aim to improve accounting policy disclosures and to help users of the financial statements to distinguish between changes in accounting estimates and changes in accounting policies.	Annual periods beginning on or after April 01, 2023.
Amendment to IAS 12 - deferred tax related to assets and liabilities arising from a single transaction	There amendments require companies to recognize deferred tax on transactions that, on initial recognition, give rise to equal amounts of taxable and deductible temporary differences.	Annual periods beginning on or after April 01, 2023.
Amendment to IAS 12 - International tax reform - pillar two model rules	These amendments give companies temporary relief from accounting for deferred taxes arising from the Organization for Economic Co-operation and Development's (OECD) international tax reform. The amendments also introduce targeted disclosure requirements for affected companies.	Annual periods beginning on or after April 01, 2023.
Amendments to IAS 8	Definition of accounting estimates	Annual periods beginning on or after April 01, 2023.

3. NEW AND AMENDED STANDARDS AND INTERPRETATIONS (Continued)

New and revised IFRS Standards in issue but not yet effective

The Company has chosen not to early adopt the following new standards and amendments to IFRS which have been issued but not yet effective for the Company's accounting year beginning on or after April 1, 2024.

Standard, interpretation, amendments	Description	Effective date
Amendment to IFRS 16 –Leases on sale and leaseback	These amendments include requirements for sale and leaseback transactions in IFRS 16 to explain how an entity accounts for a sale and leaseback after the date of the transaction. Sale and leaseback transactions where some or all the lease payments are variable lease payments that do not depend on an index or rate are most likely to be impacted.	1 January 2024
Amendments to IAS 7 and IFRS 7 on Supplier finance arrangements	These amendments require disclosures to enhance the transparency of supplier finance arrangements and their effects on a company's liabilities, cash flows and exposure to liquidity risk. The disclosure requirements are the IASB's response to investors' concerns that some companies' supplier finance arrangements are not sufficiently visible, hindering investors' analysis.	1 January 2024
Amendment to IAS 1 – Non-current liabilities with covenants	These amendments clarify how conditions with which an entity must comply within twelve months after the reporting period affect the classification of a liability. The amendments also aim to improve information an entity provides related to liabilities subject to these conditions.	1 January 2024
IFRS S1 & IFRS S2 'General requirements for disclosure of sustainability-related financial information	This standard includes the core framework for the disclosure of material information about sustainability-related risks and opportunities across an entity's value chain.	1 January 2024 subject to endorsement from SOCPA
Amendments to IFRS 10 and IAS 28	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture – Amendments to IFRS 10 and IAS 28	Available for optional adoption/effective date deferred indefinitely

The management does not expect that the adoption of the above standards will have a material impact on the Company's financial statements in future periods.

4. CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY

In the application of the Company's material accounting policies, which are described in note 2, the management are required to make judgements (other than those involving estimations) that have a significant impact on the amounts recognized and to make estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

4. CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY (Continued)

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

Key sources of estimation uncertainty
The following are the key assumptions concerning the future, and other key sources of estimation uncertainty at the end of the reporting period that may have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year:

Impairment of trade receivables
An allowance for impairment of trade receivables is established when there is objective evidence that the Company will not be able to collect all amounts due according to the original terms of the receivables. The Company provides an amount as allowance for impairment of trade receivables on a regular basis and at each reporting date adjusting the closing balance of the allowance by reassessing the expected credit loss (ECL) from each customer.

Calculation of loss allowance for trade and other receivables
When measuring ECL, the company uses reasonable and supportable forward looking information, which is based on assumptions for the future movement of different economic drivers and how these drivers will affect each other. Loss given default is an estimate of the loss arising on default. It is based on the difference between the contractual cash flows due and those that the Company would expect to receive.

Probability of default constitutes a key input in measuring ECL. Probability of default is an estimate of the likelihood of default over a given time horizon, the calculation of which includes historical data, assumptions and expectations of future conditions.

Any difference between the amounts actually collected in future periods and the amounts expected will be recognized in profit or loss.

Determining the lease term
In determining the lease term, management considers all facts and circumstances that create an economic incentive to exercise an extension option, or not exercise a termination option. Extension options (or periods after termination options) are only included in the lease term if the lease is reasonably certain to be extended (or not terminated).

The assessment is reviewed if a significant event or a significant change in circumstances occurs which affects this assessment and that is within the control of the lessee.

Discounting of lease payments
The lease payments are discounted using the Company’s incremental borrowing rate (“IBR”). Management has applied judgments and estimates to determine the IBR at the commencement of lease.

Allowance for slow moving inventories
The Company determines its allowance for slow moving inventories based upon historical experience, current condition, and current and future expectations with respect to the usage of the inventories. The Company provides an amount as an allowance for slow moving inventories on a regular basis and reassesses the closing balance at each reporting date based on the result of a physical count and the outcome of the periodic inspections of inventories.

Employee defined benefit liabilities.
Employee defined benefit liabilities are determined using an actuarial valuation which requires estimates to be made of the various inputs. These estimates have been disclosed in note 12.

5. PROPERTY AND EQUIPMENT

	Furniture and fixtures	Warehouse equipment	Office equipment	Computers	Leasehold Property	Total
	SR	SR	SR	SR	SR	SR
Cost						
1-Apr-22	3,188,730	3,127,768	1,063,889	982,138	-	8,362,525
Additions	15,511	-	133,645	277,575	-	426,731
31-Mar-23	3,204,241	3,127,768	1,197,534	1,259,713	-	8,789,256
Additions	**49,523**		**53,269**	**240,666**	**12,775**	**356,233**
31-Mar-24	**3,253,764**	**3,127,768**	**1,250,803**	**1,500,379**	**12,775**	**9,145,489**
Accumulated Depreciation						
1-Apr-22	2,909,530	3,102,336	1,030,957	718,625	-	7,761,448
Charge for the year	174,326	18,721	48,755	207,822	-	449,624
31-Mar-23	3,083,856	3,121,057	1,079,712	926,447	-	8,211,072
Charge for the year	**151,287**	**6,711**	**47,245**	**198,294**	**12,775**	**416,312**
31-Mar-24	**3,235,143**	**3,127,768**	**1,126,957**	**1,124,741**	**12,775**	**8,627,384**
Net book value:						
31-Mar-24	**18,621**	**-**	**123,846**	**375,638**	**-**	**518,105**
31-Mar-23	120,385	6,711	117,822	333,266	-	578,184

6. LEASES

March 31, 2024	**Right-of-use assets**	**Lease liabilities**
	SR	**SR**
April 1, 2023	**1,329,354**	**1,433,025**
Amortization expense	**(696,615)**	**-**
Accretion of interest expense	**-**	**31,019**
Addition during the year	**-**	**-**
Disposal during the year	**-**	**-**
Payments during the year	**-**	**(756,154)**
March 31, 2024	**632,739**	**707,890**

March 31, 2023	Right-of-use assets	Lease liabilities
	SR	SR
April 1, 2022	2,064,226	2,163,063
Amortization expense	(721,001)	-
Accretion of interest expense	-	47,182
Addition during the year	141,811	141,811
Disposal during the year	(155,682)	(153,146)
Payments during the year	-	(765,885)
March 31, 2023	1,329,354	1,433,025

6. LEASES (Continued)

The Company leases several offices. The average lease term is 6 years for these offices.

Lease liabilities	**2024 SR**	2023 SR
Analysed as:		
Current	**525,523**	725,136
Non-current	**182,367**	707,889
	707,890	1,433,025
Amounts recognized in profit or loss		
Amortization expense on right-of-use assets (note 18)	**696,615**	721,001
Interest expense on lease liabilities	**31,019**	47,182

The Company does not face a significant liquidity risk with regards to its lease liabilities. Lease liabilities are monitored within the Company's treasury function. All lease obligations are denominated in local currency.

7. INVENTORIES

	2024 SR	2023 SR
Computer notebooks, software and hardware	**181,865,979**	183,561,187
Telecom equipment	**84,764,533**	201,322,911
Networking, servers and storage equipment	**98,908,395**	43,724,242
Security equipment	**34,905,971**	16,695,019
	400,444,878	445,303,359
Inventory in transit	**12,655,258**	19,115,318
Less: Provision for slow moving inventory	**(18,719,017)**	(20,281,222)
	394,381,119	444,137,455

The movement in allowance for slow moving and obsolete inventory during the year is as follows:

	2024 SR	2023 SR
April 1	**20,281,222**	8,308,504
(Reversal) / allowance for slow moving inventories (note 17)	**(1,562,205)**	11,972,718
March 31	**18,719,017**	20,281,222

Cost of inventories recognized as an expense during the year in respect of continuing operations was SR 5,505 million (2023: SR 4,103 million).

8. TRADE AND OTHER RECEIVABLES

	2024 **SR**	2023 SR
Trade receivables	**914,590,186**	668,815,713
Less: Specific provision	**(6,803,132)**	(1,133,007)
Less: Allowance for expected credit losses	**(1,236,366)**	(220,878)
	906,550,688	667,461,828
Advances to suppliers	**63,654,866**	88,223,094
Prepaid insurance	**2,276,800**	2,004,314
Insurance claim	**902,826**	902,826
Advances to employees	**180,287**	106,367
Prepaid rent	**27,434**	34,680
Others	**343,117**	96,761
	973,936,018	758,829,870

The average credit period granted to trade receivables is around 15 to 90 days. No interest is charged on outstanding trade receivables.

The following table details the risk profile of trade receivables based on the Company’s provision matrix. As the Company’s historical credit loss experience does not show a significantly different loss pattern for different customer segments, the allowances for doubtful debts based on past due status is not further distinguished between the Company’s different customer types.

	Trade receivables – days past due						
	Not past due	**<90**	**91-180**	**181-270**	**271-360**	**>360**	**Total**
March 31, 2024	**SR**	**SR**	**SR**	**SR**	**SR**	**SR**	**SR**
Credit impaired							
Gross carrying amount	-	-	-	-	-	**6,803,132**	**6,803,132**
Lifetime ECL	-	-	-	-	-	**6,803,132**	**6,803,132**
Non-credit impaired							
Gross carrying amount	**36,416,525**	**726,318,773**	**105,376,290**	**27,821,614**	**5,849,060**	**6,004,792**	**907,787,054**
Expected credit loss rate %	**0.05%**	**0.05%**	**0.26%**	**1.48%**	**1.48%**	**1.48%**	**0.14%**
Lifetime ECL	**17,905**	**357,121**	**273,658**	**412,100**	**86,638**	**88,944**	**1,236,366**
							8,039,498

	Trade receivables – days past due						
	Not past due	<90	91-180	181-270	271-360	>360	Total
March 31, 2023	SR	SR	SR	SR	SR	SR	SR
Credit impaired							
Gross carrying amount	-	-	-	-	-	1,133,007	1,133,007
Lifetime ECL	-	-	-	-	-	1,133,007	1,133,007
Non-credit impaired							
Gross carrying amount	82,208,445	532,586,277	46,732,716	3,435,301	2,673,797	46,170	667,682,706
Expected credit loss rate %	0.01%	0.01%	0.18%	0.88%	0.88%	0.88%	0.03%
Lifetime ECL	9,865	73,567	83,184	30,231	23,623	408	220,878
							1,353,885

9. RELATED PARTIES TRANSACTIONS AND BALANCES

The immediate and ultimate controlling party is Redington Gulf FZE (“RGF”).

During the year, the Company transacted with the following related parties:

Related party	**Nature of relationship**
Redington Gulf FZE (“RGF”)	Shareholder
Ensure Services Arabia LLC	Affiliate
Redington Qatar Distribution W.L.L.	Affiliate
Redington Saudi Trading Company	Affiliate
Redington Kuwait	Affiliate
Proconnect Saudi LLC	Affiliate
Redington Gulf Arabia for IT Company	Affiliate
Redington ME LLC UAE	Affiliate

The significant transactions during the year were as follows:	**2024** **SR**	2023 SR
Transactions with shareholder		
Purchase of inventory	**601,397,089**	428,907,776
Operation support fees and related finance cost (i)	**63,120,116**	47,160,675
Expenses paid by us on behalf of the Company	**-**	258,695
Revenue	**5,539,525**	16,692,130
Backend support	**184,407,718**	118,941,900
Transactions with other related parties		
Purchase of inventory	**15,008,168**	13,842,631
Revenue	**562,165,315**	352,555,836
Backend support	**80,945,221**	37,273,817
Agency fees	**937,920**	-

(i) Effective April 1, 2020, the Company signed a support service agreement with RGF for the strategic and operational support provided by RGF to the Company, based on Transfer Pricing Guidelines approved by the Group’s Management. The operation support fees is calculated based on the Company’s net sale of products to the customers in the territory and its operating margin (effective service fee).

As of March 31, related parties’ balances are as follows:

Due from related parties:	**2024** **SR**	2023 SR
Ensure Services Arabia LLC	**583,323**	118,036
Redington Qatar Distribution W.L.L	**108,417**	-
Redington Saudi Trading Company	**-**	11,757,009
Redington Kuwait	**-**	27,941
	691,740	11,902,986

Due to related parties:

Redington Gulf FZE	**628,001,325**	587,996,746
Redington Saudi Trading Company	**28,284,075**	-
Proconnect Saudi LLC	**1,039,487**	1,062,144
Redington ME LLC UAE	**-**	629
	657,324,887	589,059,519

9. RELATED PARTIES TRANSACTIONS AND BALANCES (Continued)

The amounts outstanding with related parties are unsecured and will be settled in cash. No guarantees have been given or received. No amount has been expensed in the current period for bad or doubtful debts in respect of amounts owed by related parties.

Key management personnel compensation:

For the year ended March 31, compensation for key management personnel was:

	2024 SR	2023 SR
	Senior Management	Senior Management
Managerial remuneration	**3,174,780**	3,462,090
Bonuses	**1,232,489**	1,611,540
Allowances	**51,600**	74,100
Post-employment benefits	**712,172**	500,118
Total	**5,171,041**	5,647,848

10. CASH AND CASH EQUIVALENTS

	2024 SR	2023 SR
Cash at bank	**29,821,348**	43,627,539
Cash on hand	**1,696,230**	286,945
	31,517,578	43,914,484

Balance with the banks are assessed to have low credit risk of default since the banks are highly regulated by the Saudi Central Bank. Accordingly, management of the company estimates the loss allowance on balances with the banks at the end of the reporting period at an amount equal to 12 months ECL. None of the balances with the banks at the end of the reporting period are past due and taking into account the historical default experience and the current credit ratings of the banks, the management of the company have assessed ECL on bank balances and any loss given default is considered negligible and hence have not recorded any loss allowances in these financial statements.

11. STATUTORY RESERVE

In accordance with the Company's Articles of Association, the Company has established a statutory reserve by the appropriation of 10% of net income until the reserve equaled 30% of the share capital. This reserve is not available for distribution.

12. EMPLOYEE DEFINED BENEFIT LIABILITIES

	2024	2023
	SR	SR
Balance at the beginning of the year	**12,420,155**	13,842,539
Current service cost	**1,795,941**	1,924,011
Interest cost	**606,090**	368,826
Paid during the year	**(1,214,217)**	(428,707)
Actuarial loss / (gain)	**239,935**	(2,955,756)
Transferred to a related party	**-**	(330,758)
Balance at the end of the year	**13,847,904**	12,420,155

The principal assumptions used for the purposes of the actuarial valuation were as follows:

	2024	2023
	SR	SR
Discount rate	**5.00%**	4.90%
Rate of salary increase	**5.00%**	6.00%

All movements in the employees' end-of-service benefits are recognized in profit or loss except for the actuarial gain or loss which is recognized in other comprehensive income.

<u>Sensitivity analysis</u>
The sensitivity analyses presented below have been determined based on reasonably possible changes of the respective assumptions occurring at the end of the reporting period, while holding all other assumptions constant. A positive amount represents an increase in the liability whilst a negative amount represents a decrease in the liability.

	2024	2023
	SR	SR
Increase in discount rate of 1%	**(1,268,565)**	(1,135,628)
Decrease in discount rate of 1%	**1,471,595**	1,319,454
Increase in rate of salary increase of 1%	**1,528,912**	1,366,249
Decrease in rate of salary increase of 1%	**(1,339,433)**	(1,195,538)

The sensitivity analysis presented above may not be representative of the actual change in the employees' end-of-service benefits as it is unlikely that the change in assumptions would occur in isolation of one another as some of the assumptions are correlated.

There was no change in the methods and assumptions used in preparing the sensitivity analysis from prior years.

13. TRADE AND OTHER PAYABLES

	2024	2023
	SR	SR
Trade payables	**261,018,109**	346,421,866
VAT payable, net	**34,610,143**	32,101,600
Advances from customers	**22,651,574**	14,913,763
Accrued employee benefits	**13,208,826**	5,654,196
Provision for service charges	**8,782,157**	13,164,328
Provision for price rebates	**6,273,498**	4,384,950
Accrued freight charges	**5,569,255**	11,880,242
Provision for retailer rebates	**5,391,856**	4,873,150
Withholding tax payable	**4,419,575**	4,620,228
Accrued professional fees	**500,001**	355,020
Accrued utilities	**856**	1,073
Others	**4,282,929**	6,616,034
	366,708,779	444,986,450

14. SHORT TERM BORROWINGS

	2024	2023
	SR	SR
As at April 01	**-**	-
Proceeds during the year	**1,402,205,350**	370,808,167
Repayments during the year	**(1,324,767,168)**	(370,808,167)
As at March 31	**77,438,182**	-

The Company has financing facilities from different banks to support its operations which mainly include import invoice financing, letter of credit and invoice discounting facilities. The outstanding balance of short-term borrowings carries an effective interest rate between 7.00% - 7.24% per annum.

15. INCOME TAX

Status of tax assessments
The Company has submitted its tax returns up to year ended March 31, 2023, settled income tax as per the returns and obtained the required certificates and official receipts.

During the year ended March 31, 2021, the Zakat, Tax and Customs Authority (ZATCA) had issued assessments for withholding tax (WHT) for years 2018 to 2020 for an additional withholding liability of SR 81,676,579 and related penalties. The Company filed its objection against these assessments on April 25, 2021, at the tax authority level and the Company received a rejection on the submitted objection on June 7, 2021. Accordingly, the Company escalated the case with the General Secretariate of Tax Committees (GSTC) on July 6, 2021, as part of routine appeal process. On June 27, 2022, the Committee for Resolution of Tax Violations and Disputes (CRTVD) issued its official written ruling in which it partially accepted the Company's appeal. However, this ruling should not be considered as a final ruling given that the ZATCA appealed such ruling before the Appellate Committee for Tax Violations and Dispute Resolution (ACTVDR). The ACTVDR has rejected ZATCA’s appeal during the year and supported the CRTVD’s issued ruling which resulted in the cancellation of ZATCA’s assessment. ZATCA has executed the ACTVDR ruling and has canceled the assessment.

15. INCOME TAX (Continued)

The movement in the provision for income tax is as follows:

	2024 SR	2023 SR
As at April 01	**8,127,970**	9,249,648
Charge for the year	**20,236,039**	18,416,836
Prior year adjustments	**(388,595)**	-
Paid during the year	**(21,613,768)**	(19,538,514)
As at March 31	**6,361,646**	8,127,970

The Management concluded that the deferred tax asset is not material to the financial statements, therefore this has not been accounted for.

16. REVENUES

The Company generates revenue from the following sources:

	2024 SR	2023 SR
Timing of revenue recognition		
At a point in time		
Sales of mobile and electronic devices and accessories	**4,984,652,145**	3,911,658,629

Revenues from five major customers accounted for 37% (2023: 30%) of the Company's revenues for the year ended March 31, 2024, amounting to SR 1,890 million (2023: SR 1,224million).

17. COST OF REVENUES

	2024 SR	2023 SR
Direct cost of sales	**5,295,968,105**	4,044,348,632
Backend support	**(621,943,285)**	(386,397,000)
Training and implementation cost	**20,496,068**	4,451,158
Slow moving and obsolete inventory (note 7)	**(1,562,205)**	11,972,718
	4,692,958,683	3,674,375,508

During the year, the Company's purchases from one major supplier amounted to SR 2,198 million (2023: SR 1,552 million).

18. SELLING AND MARKETING EXPENSES

	2024 SR	2023 SR
Employees' salaries and related benefits	**37,947,788**	32,484,587
Sales promotion	**21,686,677**	23,687,796
Warehouse expenses	**8,242,862**	6,637,815
Freight expenses	**3,486,156**	2,838,768
Insurance expenses	**1,671,333**	1,607,111
Others	**3,246,635**	3,328,930
	76,281,451	70,585,007

19. GENERAL AND ADMINISTRATIVE EXPENSES

	2024 **SR**	2023 SR
Employees' salaries and related benefits	**25,183,592**	21,656,391
Allowance for expected credit losses	**6,685,613**	321,770
Insurance	**2,559,545**	2,605,089
Professional fees	**1,639,082**	1,076,706
Travel	**734,245**	807,349
Amortization of right-of-use assets	**696,615**	721,001
Repair and maintenance	**671,869**	275,324
Depreciation	**416,312**	449,624
Communication expenses	**137,078**	165,876
Rent, warehouse and utilities	**60,497**	51,655
Postage and courier charges	**16,789**	15,651
Others	**2,653,833**	4,918,757
	41,455,070	33,065,193

20. FINANCE COST

	2024 **SR**	2023 SR
Letter of credit – discounting finance charges	**10,684,751**	7,713,763
Finance cost	**5,529,027**	368,826
Finance cost on employee's defined benefits liabilities	**606,090**	447,073
Finance cost on lease liabilities	**31,019**	47,182
	16,850,887	8,576,844

21. FINANCIAL INSTRUMENTS

Capital management

The Company manages its capital to ensure it will be able to continue as a going concern while maximizing the return to stakeholders through the optimization of the equity balance. The Company's overall strategy remains unchanged from the previous year.

The capital structure of the Company consists of equity comprising share capital, statutory reserve and retained earnings.

Categories of financial instruments

	2024 **SR**	2023 SR
Financial assets		
Trade and other receivables	**910,281,152**	670,606,776
Cash and cash equivalents	**31,517,578**	43,914,484
Due from related parties	**691,740**	11,902,986
Financial liabilities		
Due to related parties	**657,324,887**	589,059,519
Trade and other payables	**366,708,779**	444,986,450
Lease liabilities	**707,890**	1,433,025

21. FINANCIAL INSTRUMENTS (Continued)

Market risk

The Company did not have any significant exposure to market risk. There were no changes in these circumstances from the previous year. Consequently, no market risk sensitivity analysis has been presented.

Foreign currency risk

The Company undertakes transactions denominated in foreign currencies, primarily in US Dollars. As Saudi Riyals is pegged to the US Dollar, the management believes that the Company is not significantly exposed to foreign currency risk. Consequently, no foreign currency sensitivity analysis has been presented.

Credit risk management

Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in financial loss to the Company. Financial assets which potentially subject the Company to concentrations of credit risk consist principally of cash at banks and trade and other receivables. Cash at banks is placed with reliable financial institutions. The credit risk on liquid funds is limited because the counterparties are banks with high credit-ratings. Trade and other receivables are regularly monitored by the management. Details of how credit risk relating to trade and other receivables is managed is disclosed in note 8. Management believes that the due from related parties balance is not subject to credit risk considering the historical data and sound creditworthiness of the related parties.

Interest rate and liquidity risk management

Ultimate responsibility for liquidity risk management rests with the senior management, which has established an appropriate liquidity risk management framework for the management of the Company's short-term funding and liquidity management requirements. The Company manages liquidity risk by maintaining adequate reserves and banking facilities, by continuously monitoring forecast and actual cash flows, and by matching the maturity profiles of financial assets and liabilities.

The Company is exposed to interest rate risk because the Company borrows funds at floating interest rates. The Company does not hedge its exposure to movements in interest rates. The Company's exposure to interest rates has increased during the year as a result of increase in interest-bearing borrowings.

The remaining contractual maturity for the Company's non-derivative financial liabilities with agreed repayment periods are all due within one year. A sensitivity analysis has not been presented as this is not considered material to the financial statements.

Fair value of financial instruments

The management consider that the carrying value of the financial instruments reported in the statement of financial position approximates their fair value.

22. RETIREMENT BENEFIT INFORMATION

The Company makes contributions for a defined contribution retirement benefit plan to the General Organization for Social Insurance in respect of its Saudi employees. The total amount expensed during the year in respect of this plan was SR 608,822 (2023: SR 465,882).

23. CONTINGENCIES AND COMMITMENTS

The Company files during its normal activity various lawsuits and other claims mainly related to receivables due from customers. The Company records adequate provision against such receivable balances. Furthermore, no claims have been filed against the Company as at the statement of financial position date.

	2024	2023
	SR	SR
Letter of Guarantees	**72,702,784**	77,800,000

24. EVENT AFTER THE REPORTING PERIOD

No events have occurred subsequent to the reporting date and before the issuance of these financial statements which requires adjustment to, or disclosure, in these financial statements.

25. DATE OF AUTHORISATION

These financial statements were approved by the management on June 10, 2024.