PRESIGHT AI HOLDING PLC

Reports and Consolidated Financial Statements

for the year ended 31 December 2024

PRESIGHT AI HOLDING PLC

Reports and consolidated financial statements
for the year ended 31 December 2024

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Directors' report
for the year ended 31 December 2024

The Board of Directors have the pleasure in submitting their report, together with the audited consolidated financial statements of Presight AI Holding PLC (the "Company") and its subsidiaries (collectively referred to as the "Group") for the year ended 31 December 2024.

Principal activities

Founded in 2022, the Group is the region's leading big data analytics company powered by generative AI, with over ten flagship technology solutions, more than 100 AI models, and clients in four continents around the world. The principal activity of the Company is to act as a holding company for the entities within the Group. The principal activities of the subsidiaries include innovation and artificial intelligence research and consultancies, providing other information technology and computer services activities, data processing, hosting and related services, technology network services, security and systems installation and maintenance, telecommunication systems equipment installation and maintenance, services, management and operation of computer networks, computer infrastructure establishment, institution and maintenance and technological projects management.

Board of Directors

The Directors of the Company are as follows:

- H.E. Dr Sultan Ahmed Sultan Essa Aljaber — Chairman
- H.E. Mansoor Ibrahim Ahmed Saeed Almansoori — Vice-Chairman
- Hamda Eid Khamis Almheiri — Director
- Abdulla Alrashdi — Director
- Suhail Bin Tarraf — Director
- Kiril Simeonov Evtimov — Director
- Thana Pramotedham — Director

So far as the Directors are aware, there is no relevant audit information of which the Company's auditor is unaware, and the Directors have taken all the steps that they ought to have taken as Directors in order to make ourselves aware of any relevant audit information and to establish that the Company's auditor is aware of that information.

Results

The revenue for the year ended 31 December 2024 increased by 24.30% or AED 432 million, year on year, to AED 2213.0 million (31 December 2023: AED 1,781.0 million). The total comprehensive income for the year increased by 7.4% or AED 42.2 million, year on year, to AED 612.8 million (31 December 2023: AED 570.6 million).

The company's cash generation remained strong, with AED 1.16 billion of cash generated from operations for the year ended 31st December 2024. Our balance sheet remained robust and debt-free, with cash and equivalents of AED 1.94 billion at the end of December.

During the year, our order book increased by AED 3.59 billion (of which AED 2.46 billion in Q424, excluding the USD 480 million preliminary agreement in November 2024 between Intelligrid and SOCAR) including strong renewals of ongoing contracts. Our backlog at the end of December 2024 was AED 2.99 billion (compared to AED 1.58 billion at September 2024), with proforma backlog (including Intelligrid's preliminary agreement with SOCAR) of AED 4.76 billion.

Other Key highlights

Presight has acquired a majority stake in leading in leading AI energy provider, AIQ, reinforcing its commitment to create safer and more sustainable societies through AI problem solving, with the performance of that business under Presight's stewardship delivering significant value accretion for all stakeholders.

Significant additions have been made to Presight's growing portfolio of best-in-class Applied AI products and solutions, including the Enterprise AI suite to support large-scale deployment of Generative AI technology. The formation of the Intelligrid joint venture, will enable Presight to play a pivotal role in the global energy transition.

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Release

The Directors release from liability the management and the external auditor in connection with their duties for the year ended 31 December 2024.

Auditors

Deloitte & Touche (M.E.) LLP have expressed their willingness to be re-appointed as external auditor of the Group for the year ending 31 December 2025.

Acknowledgement

To the best of our knowledge, the financial information included in these consolidated financial statements presents fairly, in all material aspects, the financial position, results of operations and cash flows of the Group as of, and for, the years presented therein.

On behalf of the Board of Directors,

H.E. Dr Sultan Ahmed Sultan Essa Aljaber
Chairman

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INDEPENDENT AUDITOR'S REPORT
TO THE SHAREHOLDERS OF PRESIGHT AI HOLDING PLC

REPORT ON THE AUDIT OF THE CONSOLIDATED FINANCIAL STATEMENTS

Opinion

We have audited the consolidated financial statements of Presight AI Holding PLC (the "Company"), and its subsidiaries (together "the Group") which comprise the consolidated statement of financial position as at 31 December 2024, and the consolidated statement of profit or loss and other comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the year, and notes to the consolidated financial statements, including material accounting policy information.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Group as at 31 December 2024, and its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with IFRS Accounting Standards as issued by the International Accounting Standards Board (IASB).

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Consolidated Financial Statements section of our report. We are independent of the Group in accordance with the International Ethics Standards Board for Accountants' International Code of Ethics for Professional Accountants (including International Independence Standards) (IESBA Code) together with the other ethical requirements that are relevant to our audit of the Group's consolidated financial statements in the Abu Dhabi Global Market (ADGM), and we have fulfilled our other ethical responsibilities in accordance with these requirements and the IESBA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the consolidated financial statements of the current year. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

INDEPENDENT AUDITOR'S REPORT
TO THE SHAREHOLDERS OF PRESIGHT AI HOLDING PLC (continued)

Key Audit Matters (continued)

<table>
<tr><th>Key audit matter</th><th>How our audit addressed the key audit matter</th></tr>
<tr><th colspan="2">Revenue recognition</th></tr>
<tr><td>
The Group recognised revenue of AED 2.2 billion during the year ended 31 December 2024.
Revenue from contracts with customers is recognized when control over goods and services is transferred to a customer. The Group's contracts with customers include various performance obligations. Revenue from certain contracts is recognized over time whilst revenue from other contracts is recognized at a point in time.
The determination of revenue to be recognised requires management to apply significant judgements and make significant estimates. These include, whether revenue is to be recognised on a straight-line basis over the period of the underlying contract or based on the actual costs incurred as a proportion to the expected costs incurred on the contract.
The Group has recognized contract assets of AED 1.2 billion at the reporting date. Contract assets represents revenue recognized which has not been billed to the customers.
The nature of these judgements increases the risk of revenue being recognised inappropriately.
Given the magnitude of the amount, we consider revenue recognition to be a key audit matter. We have considered, in accordance with the requirements of ISAs, that there is an inherent risk related to revenue being recognised incorrectly.
Refer to the following notes for more details relevant to revenue:

note 3 for the accounting policy;
note 4 for critical accounting judgements and key sources of estimation uncertainty; and
note 19 for details of the amounts and types of revenue recognized during the year.

</td><td>
We performed the following procedures in relation to revenue recognition:

We obtained an understanding of the revenue business process flow and performed walkthroughs to understand the key processes and identify key controls;
We assessed the key controls over revenue to determine if they had been designed and implemented appropriately and tested these controls to determine if they were operating effectively.
We assessed that the estimates of costs to complete were reviewed and approved by appropriate designated management personnel.
We performed procedures to assess whether the revenue recognition criteria adopted by the Group is appropriate and in accordance with the Group's accounting policies and the requirements of IFRS Accounting Standards;
We selected a sample of contracts with customers and performed the following procedures:

Obtained and read contract documents for each selection, including master service agreements, and other documents that were part of the agreement;
Evaluated the identification of performance obligations and the determination of the transaction price; and
Determined that the method of recognizing revenue was appropriate in the circumstances.

We performed analytical procedures by comparing the gross margins for the different types of revenue streams to the prior year. If we identified an unexpected margin, we carried out more focused testing on these revenue streams;
We performed the following procedures on contract assets:

we agreed the amount of contract assets to an analysis prepared by management; and
we recalculated, on a sample basis, the amount recognised as a contract asset with reference to the underlying contract and the amount that had been billed to the customer; and,

We assessed the disclosure in the consolidated financial statements relating to this matter against the requirements of IFRS Accounting Standards.

</td></tr>
</table>

INDEPENDENT AUDITOR’S REPORT
TO THE SHAREHOLDERS OF PRESIGHT AI HOLDING PLC (continued)

<table>
<tr><th>Key audit matter</th><th>How our audit addressed the key audit matter</th></tr>
<tr><th colspan="2">Acquisition of AIQ</th></tr>
<tr><td>During the year, the Group acquired Matrix JVCO Limited (‘AIQ’) for a consideration of AED 1.3 billion. This acquisition required management to identify all assets and liabilities of AIQ at the acquisition date (“the purchase price allocation”), including those that were not recognized in the accounting records of AIQ, and measure these assets and liabilities at fair value. The excess of the transaction price over the fair value of the net assets acquired at the acquisition is recognised as goodwill.

An independent external valuation specialist (“valuer”) was engaged by the Group to perform the purchase price allocation.

Based on the purchase price allocation for the acquisition, the Group recognised goodwill of AED 1.1 billion and customer contracts of AED 0.3 billion, which have been presented as part of intangible assets.

We have identified the acquisition of AIQ, as a key audit matter due to the quantitative significance of the transaction relative to the consolidated financial statements and the following significant judgements applied and estimates made by management:
• allocation of purchase price to the identifiable assets acquired and liabilities assumed;
• fair valuation of the assets acquired including the valuation of intangible assets and goodwill; and
• adjustments made to align accounting policies of the newly acquired assets with those of the Group.

Refer to note 4 to the consolidated financial statements for the key judgements applied and estimates made and note 5 for details of all assets acquired and liabilities assumed as part of the acquisition.</td><td>We performed the following procedures, inter alia, in respect of the acquisition of AIQ:

• We obtained an understanding of the process adopted by management to determine the fair value of assets acquired and liabilities assumed of AIQ and the related accounting for the initial recognition of the acquisition, including the key controls in this process;
• We assessed the abovementioned key controls to determine if they had been appropriately designed and implemented;
• We determined if management’s assumptions in relation to the initial recognition of the acquisition were in accordance with the requirements of IFRS Accounting Standards;
• We assessed the skills, competence, objectivity and independence of the valuers engaged by the Group to perform the purchase price allocation exercise and reviewed the terms of their engagement with the Group to determine if the scope of their work was sufficient for audit purposes;
• We performed the following procedures, with the assistance of our internal experts, over the purchase price allocation:
o we determined, if all assets acquired and liabilities assumed had been identified;
o we evaluated if the valuation methodology adopted by management was in compliance with the requirements of IFRS Accounting Standards;
o we determined if the inputs into the valuation of the assets and liabilities were reasonable;
o we reperformed the mathematical accuracy of the purchase price allocation
• We agreed the results of the purchase price allocation to the amounts reported in the consolidated financial statements; and
• We assessed the disclosure in the consolidated financial statements relating to this matter against the requirements of IFRS Accounting Standards.</td></tr>
</table>

Other Information

The Board of Directors are responsible for the other information. The other information comprises the Directors' Report which we received prior to the date of this report. The other information does not include the consolidated financial statements and our auditor's report thereon.

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

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work we have performed on the other information that we obtained prior to the date of this auditor's report, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

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

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with IFRSs and the applicable provisions of the Articles of Association of the Company, ADGM Companies Regulations 2020 and Companies Regulations (International Accounting Standards) Rules 2015, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

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

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

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs 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 consolidated financial statements.

INDEPENDENT AUDITOR'S REPORT
TO THE SHAREHOLDERS OFPRESIGHT AI HOLDING PLC (continued)

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

As part of an audit in accordance with ISAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risk, 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 Group'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 consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Plan and perform the Group audit to obtain sufficient appropriate audit evidence regarding the financial information of the entities within the Group as a basis for forming an opinion on the Group financial statements. We are responsible for the direction, supervision and review of the audit work performed for purposes of the Group audit. We remain solely responsible for our audit opinion.

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

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditors' report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Deloitte.

INDEPENDENT AUDITOR'S REPORT
TO THE SHAREHOLDERS OFPRESIGHT AI HOLDING PLC (continued)

REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

As required by the provisions of ADGM Companies Regulations 2020 and Companies Regulations (International Accounting Standards) Rules 2015, we report that:

- the consolidated financial statements of the Group have been prepared, in all material respects, in accordance with the requirements of the said Rules and Regulations;
- the information given in the Directors' report is consistent with the Group's consolidated financial statements for the year ended 31 December 2024;
- adequate accounting records have been kept by the Group; and
- the Group's consolidated financial statements are in agreement with the accounting records of the Group.

Deloitte & Touche (M.E.) LLP

Monah Adnan Abou-Zaki
10 February 2025
Abu Dhabi
United Arab Emirates

Consolidated statement of financial position as at 31 December 2024

	Notes	2024 AED'000	2023 AED'000
ASSETS			
Non-current assets			
Property and equipment	6	20,230	3,824
Intangible assets	7	1,362,239	77
Right-of-use assets	8	25,322	23,872
Contract assets	10	39,902	-
Total non-current assets		1,447,693	27,773
Current assets			
Trade and other receivables	9	697,446	912,857
Contract assets	10	1,121,074	1,012,734
Due from related parties	11	33,111	26,973
Bank balances	12	1,939,948	2,092,631
Total current assets		3,791,579	4,045,195
Total assets		5,239,272	4,072,968
EQUITY AND LIABILITIES			
Equity			
Share capital	13	560,868	560,868
Share premium	13	1,679,952	1,679,952
Retained earnings		1,251,384	727,311
Equity attributable to owners of the Company		3,492,204	2,968,131
Non-controlling interest	18	366,513	83,105
Total equity		3,858,717	3,051,236
Non-current liabilities			
Employees' end of service benefits	14	21,081	14,436
Deferred tax liability	26	22,339	-
Lease liabilities	15	12,573	19,335
Total non-current liabilities		55,993	33,771
Current liabilities			
Trade and other payables	16	731,670	578,559
Lease liabilities	15	20,157	9,329
Contract liabilities	17	170,035	57,929
Income tax payable	26	60,791	-
Due to related parties	11	341,909	342,144
Total current liabilities		1,324,562	987,961
Total liabilities		1,380,555	1,021,732
Total equity and liabilities		5,239,272	4,072,968

Thana Pramotedham
Chief Executive Officer

Dr. Adel Alsharji
Chief Operating Officer

Raghupathy Ramadorai Meyoor
Chief Financial Officer

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

Consolidated statement of profit or loss and other comprehensive income for the year ended 31 December 2024

	Notes	2024 AED'000	2023 AED'000
Revenue	**19**	**2,213,013**	1,780,559
Direct costs	**20**	**(1,271,885)**	(1,122,546)
Gross profit		**941,128**	658,013
General, administrative and marketing expenses	**21**	**(345,801)**	(162,218)
Finance income	**22**	**78,260**	74,807
Profit before tax	**25**	**673,587**	570,602
Income tax expense	**26**	**(60,791)**	-
Profit after tax		**612,796**	570,602
Other comprehensive income		**-**	-
Total comprehensive income for the year		**612,796**	570,602
Profit attributable to:			
Owners of the Company		**524,073**	570,108
Non-controlling interest	**18**	**88,723**	494
		612,796	570,602
Total comprehensive income attributable to:			
Owners of the Company		**524,073**	570,108
Non-controlling interest	**18**	**88,723**	494
		612,796	570,602
Basic and diluted earnings per share	**27**	**0.09**	0.12

Consolidated statement of changes in equity for the year ended 31 December 2024

	|--Attributable to the owners of the Company--|					
	Share capital AED'000	**Share premium AED'000**	**Retained earnings AED'000**	**Total AED'000**	**Non-controlling interests AED'000**	**Total AED'000**
At 1 January 2023	184	-	650,052	650,236	117,514	767,750
Total comprehensive income for the year:						
Profit for the year	-	-	570,108	570,108	494	570,602
Total comprehensive income for the year	-	-	570,108	570,108	494	570,602
Transactions with owners, recorded directly in equity:						
Issue of share capital (note 13)	560,684	1,679,952	-	2,240,636	-	2,240,636
Dividend declared (note 23)	-	-	(492,849)	(492,849)	(34,903)	(527,752)
At 1 January 2024	560,868	1,679,952	727,311	2,968,131	83,105	3,051,236
Total comprehensive income for the year:						
Profit for the year	-	-	524,073	524,073	88,723	612,796
Total comprehensive income for the year	-	-	524,073	524,073	88,723	612,796
Acquisition of a subsidiary (note 5)	-	-	-	-	225,942	225,942
Dividend declared (note 23)	-	-	-	-	(31,257)	(31,257)
At 31 December 2024	**560,868**	**1,679,952**	**1,251,384**	**3,492,204**	**366,513**	**3,858,717**

Consolidated statement of cash flows
for the year ended 31 December 2024

	Notes	2024 AED'000	2023 AED'000
Cash flows from operating activities			
Profit before tax		**673,587**	570,602
Adjustments for:			
Depreciation of property and equipment	**6**	**2,668**	1,755
Amortization of intangible assets	**7**	**25,339**	53
Depreciation of right-of-use assets	**8**	**10,906**	9,343
Provision for expected credit loss on trade receivables	**9**	**10,188**	2,897
Provision for employees' end of service benefits	**14**	**4,052**	7,125
Finance income	**22**	**(78,260)**	(74,807)
Finance expenses	**15**	**1,156**	710
Operating cash flows before movements in working capital changes		**649,636**	517,678
Decrease in trade and other receivables		**241,058**	51,095
Decrease/(increase) in contract assets		**154,462**	(576,093)
Decrease/(increase) in due from related parties		**5,061**	(26,973)
(Decrease)/increase in due to related parties		**(138,372)**	78,440
Increase in contract liabilities		**103,300**	48,843
Increase in trade and other payables		**138,227**	244,419
Cash generated from operating activities		**1,153,372**	337,409
Employees' end of service benefits paid	**14**	**(867)**	(784)
Net cash generated from operating activities		**1,152,505**	336,625
Cash flows from investing activities			
Payment for acquisition of property and equipment	**6**	**(17,961)**	(2,114)
Payment for acquisition of intangible assets	**7**	**(31,742)**	-
Movement in fixed deposit – under lien	**12**	**(882)**	(16,343)
Finance income received		**51,872**	51,045
Payment towards acquisition of business, net of cash acquired	**5**	**(1,276,168)**	-
Net cash (used in)/ generated from investing activities		**(1,274,881)**	32,588
Cash flows from financing activities			
Issue of share capital	**13**	**-**	2,240,636
Dividends paid to non-controlling interest of a subsidiary	**23**	**(17,892)**	(34,903)
Dividends paid to shareholder		**-**	(492,849)
Payment of the principal portion of lease liabilities	**15**	**(13,297)**	(5,993)
Net cash (used in)/generated from financing activities		**(31,189)**	1,706,891
Net (decrease)/increase in cash and cash equivalents		**(153,565)**	2,076,104
Cash and cash equivalents at the beginning of the year		**2,076,288**	184
Cash and cash equivalents at the end of the year	**12**	**1,922,723**	2,076,288
Non-cash transactions:			
Transfer of provision of employees' end of service benefits to a related party	**14**	**3,460**	-

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

Notes to the consolidated financial statements
for the year ended 31 December 2024

1 Legal status and principal activities

Presight AI Holding PLC (the "Company") is incorporated as a public company limited by shares operating under a license number 000008980 issued by Abu Dhabi Global Market Registration Authority pursuant to Abu Dhabi Global Market Companies Regulations 2020 on 12 December 2022. The Group's parent company and controlling party is Group 42 Holding Ltd (the "Parent Company"), a private company registered in Abu Dhabi Global Market. The Company was listed on the Abu Dhabi Securities Exchange on 27 March 2023.

The registered address of the Company is Al Maqam Tower, ADGM Square, Al Maryah Island, Abu Dhabi, United Arab Emirates.

The principal activity of the Company is to act as a holding company for the entities within the Group. The principal activities of the subsidiaries include innovation and artificial intelligence research and consultancies, providing other information technology and computer services activities, data processing, hosting and related services, technology network services, security and systems installation and maintenance, telecommunication systems equipment installation and maintenance, services, management and operation of computer networks, computer infrastructure establishment, institution and maintenance and technological projects management.

These consolidated financial statements include the financial performance, financial position and cash flows of the Company and its subsidiaries (collectively referred to as the "Group"). Please refer note 3 for the list of subsidiaries.

Business Combination under common control

i) Smart Interaction2 Holding SPV RSC Ltd

Effective 4 May 2023, the Group acquired 100% of the issued share capital of Smart Interaction2 Holding SPV RSC Ltd (the 'subsidiary') from an entity under common control at a nominal consideration. Smart Interaction2 Holding SPV RSC Ltd is a restricted scope company registered in ADGM in the Emirate of Abu Dhabi, United Arab Emirates.

The subsidiary did not have any identifiable assets or liabilities at the date of acquisition.

Notes to the consolidated financial statements
for the year ended 31 December 2024 (continued)

2 Application of new and revised International Financial Reporting Standards (IFRS Accounting Standards) (IFRSs)

2.1 New and revised IFRSs applied with no material effect on the consolidated financial statements

The following new and revised IFRSs, which became effective for annual periods beginning on or after 1 January 2023, have been adopted in these consolidated financial statements. The application of these revised IFRSs has not had any material impact on the amounts reported for the current and prior years but may affect the accounting for future transactions or arrangements.

Amendments to IAS 1 Presentation of Financial Statements— Classification of Liabilities as Current or Non-current

The Group has adopted the amendments to IAS 1, published in January 2020, for the first time in the current year. The amendments affect only the presentation of liabilities as current or non-current in the statement of financial position and not the amount or timing of recognition of any asset, liability, income or expenses, or the information disclosed about those items.

The amendments clarify that the classification of liabilities as current or non-current is based on rights that are in existence at the end of the reporting period, specify that classification is unaffected by expectations about whether an entity will exercise its right to defer settlement of a liability, explain that rights are in existence if covenants are complied with at the end of the reporting period, and introduce a definition of 'settlement' to make clear that settlement refers to the transfer to the counterparty of cash, equity instruments, other assets or services.

Amendments to IAS 1 Presentation of Financial Statements— Non-current Liabilities with Covenants

The Group has adopted the amendments to IAS 1, published in November 2022, for the first time in the current year. The amendments specify that only covenants that an entity is required to comply with on or before the end of the reporting period affect the entity's right to defer settlement of a liability for at least twelve months after the reporting date (and therefore must be considered in assessing the classification of the liability as current or non-current). Such covenants affect whether the right exists at the end of the reporting period, even if compliance with the covenant is assessed only after the reporting date (e.g. a covenant based on the entity's financial position at the reporting date that is assessed for compliance only after the reporting date).

The IASB also specifies that the right to defer settlement of a liability for at least twelve months after the reporting date is not affected if an entity only has to comply with a covenant after the reporting period. However, if the entity's right to defer settlement of a liability is subject to the entity complying with covenants within twelve months after the reporting period, an entity discloses information that enables users of financial statements to understand the risk of the liabilities becoming repayable within twelve months after the reporting period. This would include information about the covenants (including the nature of the covenants and when the entity is required to comply with them), the carrying amount of related liabilities and facts and circumstances, if any, that indicate that the entity may have difficulties complying with the covenants.

2 Application of new and revised International Financial Reporting Standards (IFRS Accounting Standards) (IFRSs) (continued)

2.1 New and revised IFRSs applied with no material effect on the consolidated financial statements (continued)

Amendments to IAS 7 Statement of Cash Flows and IFRS 7 Financial Instruments: Disclosures—Supplier Finance Arrangements

The Group has adopted the amendments to IAS 7 Statement of Cash Flows and IFRS 7 Financial Instruments for the first time in the current year.

The amendments add a disclosure objective to IAS 7 stating that an entity is required to disclose information about its supplier finance arrangements that enables users of financial statements to assess the effects of those arrangements on the entity's liabilities and cash flows. In addition, IFRS 7 is amended to add supplier finance arrangements as an example within the requirements to disclose information about an entity's exposure to concentration of liquidity risk.

The amendments contain specific transition provisions for the first annual reporting period in which the group applies the amendments. Under the transitional provisions an entity is not required to disclose:

- comparative information for any reporting periods presented before the beginning of the annual reporting period in which the entity first applies those amendments.
- the information otherwise required by IAS 7:44H(b)(ii)–(iii) as at the beginning of the annual reporting period in which the entity first applies those amendments.

Amendment to IFRS 16 Leases—Lease Liability in a Sale and Leaseback

The amendments to IFRS 16 add subsequent measurement requirements for sale and leaseback transactions that satisfy the requirements in IFRS 15 Revenue from Contracts with Customers to be accounted for as a sale. The amendments require the seller-lessee to determine 'lease payments' or 'revised lease payments' such that the seller-lessee does not recognise a gain or loss that relates to the right of use retained by the seller-lessee, after the commencement date.

The amendments do not affect the gain or loss recognised by the seller-lessee relating to the partial or full termination of a lease. Without these new requirements, a seller-lessee may have recognised a gain on the right of use it retains solely because of a remeasurement of the lease liability (for example, following a lease modification or change in the lease term) applying the general requirements in IFRS 16. This could have been particularly the case in a leaseback that includes variable lease payments that do not depend on an index or rate.

A seller-lessee applies the amendments retrospectively in accordance with IAS 8 to sale and leaseback transactions entered into after the date of initial application, which is defined as the beginning of the annual reporting period in which the entity first applied IFRS 16.

Notes to the consolidated financial statements
for the year ended 31 December 2024 (continued)

2 Application of new and revised International Financial Reporting Standards (IFRS Accounting Standards) (IFRSs) (continued)

2.2 New and revised IFRSs in issue but not yet effective and not early adopted

The Group has not yet applied the following new and revised IFRSs that have been issued but are not yet effective:

New and revised IFRS	Effective for annual periods beginning on or after
IFRS 18 *Presentation and Disclosures in Financial Statements*	1 January 2027

IFRS 18 replaces IAS 1, carrying forward many of the requirements in IAS 1 unchanged and complementing them with new requirements. In addition, some IAS 1 paragraphs have been moved to IAS 8 and IFRS 7. Furthermore, the IASB has made minor amendments to IAS 7 and IAS 33 Earnings per Share.

IFRS 18 introduces new requirements to:

- present specified categories and defined subtotals in the statement of profit or loss,
- provide disclosures on management-defined performance measures (MPMs) in the notes to the financial statements
- improve aggregation and disaggregation.

IFRS 19 *Subsidiaries without Public Accountability: Disclosure*	1 January 2027

IFRS 19 permits an eligible subsidiary to provide reduced disclosures when applying IFRS Accounting Standards in its financial statements.

A subsidiary is eligible for the reduced disclosures if it does not have public accountability and its ultimate or any intermediate parent produces consolidated financial statements available for public use that comply with IFRS Accounting Standards.

IFRS 19 is optional for subsidiaries that are eligible and sets out the disclosure requirements for subsidiaries that elect to apply it.

An entity is only permitted to apply IFRS 19 if, at the end of the reporting period:

- it is a subsidiary (this includes an intermediate parent)
- it does not have public accountability, and
- its ultimate or any intermediate parent produces consolidated financial statements available for public use that comply with IFRS Accounting Standards.

Notes to the consolidated financial statements
for the year ended 31 December 2024 (continued)

2 Application of new and revised International Financial Reporting Standards (IFRS Accounting Standards) (IFRSs) (continued)

2.2 New and revised IFRSs in issue but not yet effective and not early adopted (continued)

New and revised IFRS	Effective for annual periods beginning on or after
IFRS 19 *Subsidiaries without Public Accountability: Disclosure (continued)*	1 January 2027

A subsidiary has public accountability if:

- its debt or equity instruments are traded in a public market or it is in the process of issuing such instruments for trading in a public market (a domestic or foreign stock exchange or an over-the-counter market, including local and regional markets), or
- it holds assets in a fiduciary capacity for a broad group of outsiders as one of its primary businesses (for example, banks, credit unions, insurance entities, securities brokers/dealers, mutual funds and investment banks often meet this second criterion).

Eligible entities can apply IFRS 19 in their consolidated, separate or individual financial statements. An eligible intermediate parent that does not apply IFRS 19 in its consolidated financial statement may do so in its separate financial statements.

Amendments IFRS 9 and IFRS 7 regarding the classification and measurement of financial instruments	1 January 2026

The amendments address matters identified during the post-implementation review of the classification and measurement requirements of IFRS 9 Financial Instruments.

Annual improvements to IFRS Accounting Standards — Volume 11	1 January 2026

The pronouncement comprises the following amendments:

- IFRS 1: Hedge accounting by a first-time adopter
- IFRS 7: Gain or loss on derecognition
- IFRS 7: Disclosure of deferred difference between fair value and transaction price
- IFRS 7: Introduction and credit risk disclosures
- IFRS 9: Lessee derecognition of lease liabilities
- IFRS 9: Transaction price
- IFRS 10: Determination of a 'de facto agent'
- IAS 7: Cost method

Notes to the consolidated financial statements for the year ended 31 December 2024 (continued)

2 Application of new and revised International Financial Reporting Standards (IFRS Accounting Standards) (IFRSs) (continued)

2.2 New and revised IFRSs in issue but not yet effective and not early adopted (continued)

New and revised IFRSs	Effective for annual periods beginning on or after
Amendment to IAS 21— Lack of Exchangeability	1 January 2025
An entity using another estimation technique may use any observable exchange rate – including rates from exchange transactions in markets or exchange mechanisms that do not create enforceable rights and obligations and adjust that rate, as necessary, to meet the objective as set out above.	
When an entity estimates a spot exchange rate because a currency is not exchangeable into another currency, the entity is required to disclose information that enables users of its financial statements to understand how the currency not being exchangeable into the other currency affects, or is expected to affect, the entity's financial performance, financial position and cash flows.	
IFRS S1 *General Requirements for Disclosure of Sustainability-related Financial Information*	1 January 2024*
IFRS S1 sets out overall requirements for sustainability-related financial disclosures with the objective to require an entity to disclose information about its sustainability-related risks and opportunities that is useful to primary users of general-purpose financial reports in making decisions relating to providing resources to the entity.	
IFRS S2 *Climate-related Disclosures*	1 January 2024*
IFRS S2 sets out the requirements for identifying, measuring and disclosing information about climate-related risks and opportunities that is useful to primary users of general-purpose financial reports in making decisions relating to providing resources to the entity.	

*Subject to adoption by the local jurisdiction.

Management anticipates that these new standards, interpretations and amendments will be adopted in the Group's consolidated financial statements as and when they are applicable and adoption of these new standards and amendments may have no material impact on the consolidated financial statements of the Group in the period of initial application.

3 Material accounting policy information

Statement of compliance

The consolidated financial statements have been prepared in accordance with the International Financial Reporting Standards (IFRS Accounting Standards) (IFRS) as issued by International Accounting Standards Board (IASB) and the applicable provisions of Abu Dhabi Global Market ("ADGM") Companies Regulations 2020, and Companies Regulations (International Accounting Standards) Rules 2015.

Basis of preparation

These consolidated financial statements are presented in UAE Dirhams ("AED"), which is the functional and presentation currency of the Group. All values are rounded to the nearest thousand (AED'000) except where otherwise indicated.

These consolidated financial statements have been prepared and presented on the going concern basis and at historical cost basis except for the assets and liabilities acquired under Business Combination measured at fair value.

Basis of consolidation

These consolidated financial statements include the financial statements of the Company and its subsidiaries (collectively referred to as "the Group"), made up to 31 December each year.

Control is achieved when the Company:

- has power over the investee;
- is exposed, or has rights, to variable returns from its involvement with the investee; and
- has the ability to use its power to affect its returns.

The Company reassesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control listed above.

When the Company has less than a majority of the voting rights of an investee, it has power over the investee when the voting rights are sufficient to give it the practical ability to direct the relevant activities of the investee unilaterally.

The Company considers all relevant facts and circumstances in assessing whether or not the Company's voting rights in an investee are sufficient to give it power, including:

- the size of the Company's holding of voting rights relative to the size and dispersion of holdings of the other vote holders;
- potential voting rights held by the Company, other vote holders or other parties;
- rights arising from other contractual arrangements; and

Notes to the consolidated financial statements for the year ended 31 December 2024 (continued)

3 Material accounting policy information (continued)

Basis of consolidation (continued)

- any additional facts and circumstances that indicate that the Company has, or does not have, the current ability to direct the relevant activities at the time that decisions need to be made, including voting patterns at previous shareholders' meetings.

Consolidation of a subsidiary begins when the Company obtains control over the subsidiary and ceases when the Company loses control of the subsidiary. Specifically, income and expenses of a subsidiary acquired or disposed of during the year are included in the consolidated income statement from the date the Company gains control until the date when the Company ceases to control the subsidiary.

When necessary, adjustments are made to the consolidated financial statements of subsidiaries to bring their accounting policies in line with the Group's accounting policies.

All intragroup assets and liabilities, equity, income, expenses and cash flows relating to transactions between members of the Group are eliminated in full on consolidation.

Non-controlling interests in subsidiaries are identified separately from the Group's equity therein. Those interests of non-controlling shareholders that are present ownership interests entitling their holders to a proportionate share of net assets upon liquidation may initially be measured at fair value or at the non-controlling interests' proportionate share of the fair value of the acquiree's identifiable net assets. The choice of measurement is made on an acquisition-by-acquisition basis. Other non-controlling interests are initially measured at fair value. Subsequent to acquisition, the carrying amount of non-controlling interests is the amount of those interests at initial recognition plus the non-controlling interests' share of subsequent changes in equity.

Profit or loss and each component of other comprehensive income are attributed to the owners of the Company and to the non-controlling interests. Total comprehensive income of subsidiaries is attributed to the owners of the Company and to the non-controlling interests even if this results in the non-controlling interests having a deficit balance.

Changes in the Group's interests in subsidiaries that do not result in a loss of control are accounted for as equity transactions. The carrying amount of the Group's interests and the non-controlling interests are adjusted to reflect the changes in their relative interests in the subsidiaries. Any difference between the amount by which the non-controlling interests are adjusted and the fair value of the consideration paid or received is recognised directly in equity and attributed to the owners of the Company.

When the Group loses control of a subsidiary, the gain or loss on disposal is recognised in profit or loss except where the group loses control of a subsidiary to an entity under common control whereby the gain or loss is recorded in equity. The gain or loss on disposal recognised in profit or loss is calculated as the difference between (i) the aggregate of the fair value of the consideration received and the fair value of any retained interest and (ii) the previous carrying amount of the assets (including goodwill), less liabilities of the subsidiary and any non-controlling interests. All amounts previously recognised in other comprehensive income in relation to that subsidiary are accounted for as if the Group had directly disposed of the related assets or liabilities of the subsidiary (i.e. reclassified to profit or loss or transferred to another category of equity as required/permitted by applicable IFRS Standards). The fair value of any investment retained in the former subsidiary at the date when control is lost is regarded as the fair value on initial recognition for subsequent accounting under IFRS 9 Financial Instruments when applicable, or the cost on initial recognition of an investment in an associate or a joint venture.

Notes to the consolidated financial statements for the year ended 31 December 2024 (continued)

3 Material accounting policy information (continued)

Basis of consolidation (continued)

Group structure

Details of the Company's subsidiaries and their beneficial holdings percentage as at 31 December 2024 and 2023 are as follows:

Name of subsidiaries	Place of incorporation and operation	Principal activities	Proportion of ownership interest and voting power held	
			2024	2023
Assetik Tech Ltd*	Abu Dhabi, United Arab Emirates	Proprietary investment company; other information technology and computer service activities, computer consultancy and computer facilities management activities, computer programming activities, other information service activities n.e.c, treasury financial systems and applications development and web portals.	**100%**	100%
Presight AI Technologies RSC Ltd	Abu Dhabi, United Arab Emirates	Special purpose vehicle	**100%**	100%
G42 Smart Nation AI Holding RSC Ltd.	Abu Dhabi, United Arab Emirates	Special purpose vehicle	**100%**	100%
Presight AI Ltd	Abu Dhabi, United Arab Emirates	Business incubator, other information technology and computer service activities, other professional, scientific and technical activities n.e.c, computer consultancy and computer facilities management activities, computer programming activities, activities of holding companies, other information service activities n.e.c, data processing, hosting and related activities, activities of head offices.	**100%**	100%
Below are the subsidiaries of Presight AI Technologies RSC Ltd:				
Presight AI Technologies L.L.C **	Abu Dhabi, United Arab Emirates	Information technology network services and technological projects management.	**99.99%**	99.99%
Smart Interaction2 Holding SPV RSC Ltd* (i)	Abu Dhabi, United Arab Emirates	Special purpose vehicle	**100%**	100%

Notes to the consolidated financial statements for the year ended 31 December 2024 (continued)

3 Material accounting policy information (continued)

Basis of consolidation (continued)

Group structure (continued)

Name of subsidiaries	Place of incorporation and operation	Principal activities	Proportion of ownership interest and voting power held	
			2024	2023
Below are the subsidiaries of G42 Smart Nation AI Holding RSC Ltd.:				
G42 Smart Nation Technology Projects LLC**	Abu Dhabi, United Arab Emirates	Information technology network services, technological projects management, innovation & artificial intelligence research & consultancies, security & surveillance systems installation & maintenance, telecommunication systems equipment installation and maintenance, services, management and operation of computer networks, computer infrastructure establishment, institution and maintenance, retail sale of computer outfit and data processing.	**99.99%**	99.99%
G42 Smart City AI SPV RSC Ltd*	Abu Dhabi, United Arab Emirates	Special purpose vehicle	**100%**	100%
G42 AS SPV RSC Ltd*	Abu Dhabi, United Arab Emirates	Special purpose vehicle	**100%**	100%
JTO Holding SPV Ltd	Abu Dhabi, United Arab Emirates	Special purpose vehicle	**60%**	60%
Intellibrain Technological Projects LLC	Abu Dhabi, United Arab Emirates	Technological projects management, innovation and artificial intelligence research and consultancies, computer systems and software designing.	**60%**	60%
Below are the subsidiaries of Presight AI Ltd:				
G42 Analytics Technology Projects LLC**	Abu Dhabi, United Arab Emirates	Information technology network services, technological projects management, innovation & artificial intelligence research & consultancies	**99.99%**	99.99%
Presight AI Kazakhstan Ltd.*	Kazakhstan	Provision of AI-powered big data analytics platforms	**100%**	100%
Analytics AI Limited Liability Partnership*	Kazakhstan	Implementing state of the art analytical and artificial intelligence software systems; installation works, general management, providing customer support, expand partnership networks, commercial activity, foreign economic and foreign trade activity including export and import	**100%**	100%

Notes to the consolidated financial statements
for the year ended 31 December 2024 (continued)

3 Material accounting policy information (continued)

Basis of consolidation (continued)

Group structure (continued)

Name of subsidiaries	Place of incorporation and operation	Principal activities	Proportion of ownership interest and voting power held	
			2024	2023
Below are the subsidiaries of Presight AI Ltd (continued):				
SK-Presight AI LTD*	Kazakhstan	Software engineering and product development services.	**70%**	-
P Ventures Holdings RSC LTD	Abu Dhabi, United Arab Emirates	Special purpose vehicle.	**100%**	-
Matrix JVCO Ltd (“AIQ”) (note 5)	Abu Dhabi, United Arab Emirates	Designing oil and natural gas fields production software, including designing and programming databases, electronic chips and computer systems, information technology consultancy and onshore and offshore oil and gas fields and facilities services	**51%**	-
Presight TOTM AI Ltd*	Abu Dhabi, United Arab Emirates	Computer consultancy and computer facilities management activities, Data processing, hosting and related activities.	**51%**	-

* These subsidiaries were dormant as at 31 December 2024 and 31 December 2023.

** An entity under common control has assigned the beneficial ownership of its stake in these subsidiaries to the Company, thereby, the Group holds 100% of the shareholding.

(i) On 4 May 2023, the Company acquired shareholding in the subsidiary from an entity under common control for a nominal consideration.

On 17 November 2023, the Company opened a branch in Azerbaijan. The branch did not have any operations as at 31 December 2024 and 31 December 2023.

3 Material accounting policy information (continued)

Business combination

Acquisition of businesses are accounted for using the acquisition method except for acquisition of entities under common control. Acquisition of entities under common control are accounted for using the acquisition method if the Company concludes that the ownership with the entity under common control is transitory. The consideration transferred in a business combination is measured at fair value, which is calculated as the sum of the acquisition-date fair values of assets transferred by the Group, liabilities incurred by the Group to the former owners of the acquiree and the equity interest issued by the Group in exchange for control of the acquiree. Acquisition-related costs are recognised in profit or loss as incurred.

At the acquisition date, the identifiable assets acquired and the liabilities assumed are recognised at their fair value, except that:

- Deferred tax assets or liabilities and assets or liabilities related to employee benefit arrangements are recognised and measured in accordance with IAS 12 Income Taxes and IAS 19 Employee Benefits respectively,
- Liabilities or equity instruments related to share-based payment arrangements of the acquiree or share-based payment arrangements of the Group entered into to replace share-based payment arrangements of the acquiree are measured in accordance with IFRS 2 Share-based Payment at the acquisition date; and
- Assets (or disposal groups) that are classified as held for sale in accordance with IFRS 5 Non-current Assets Held for Sale and Discontinued Operations are measured in accordance with that Standard.

Goodwill is measured as the excess of the sum of the consideration transferred, the amount of any non-controlling interests in the acquiree, and the fair value of the acquirer's previously held equity interest in the acquiree (if any) over the net of the acquisition-date amounts of the identifiable assets acquired and the liabilities assumed. If, after reassessment, the net of the acquisition-date amounts of the identifiable assets acquired and liabilities assumed exceeds the sum of the consideration transferred, the amount of any non-controlling interests in the acquiree and the fair value of the acquirer's previously held interest in the acquiree (if any), the excess is recognised immediately in profit or loss as a bargain purchase gain.

If the initial accounting for a business combination is incomplete by the end of the reporting period in which the combination occurs, the Group reports provisional amounts for the items for which the accounting is incomplete. Those provisional amounts are adjusted during the measurement period (which cannot exceed one year from the acquisition date), or additional assets or liabilities are recognised, to reflect new information obtained about facts and circumstances that existed as of the acquisition date that, if known, would have affected the amounts recognised as of that date.

Business combinations involving entities under common control

Business combinations arising from transfers of interests in entities that are under the control of the shareholder that controls the Group are accounted for from the acquisition date.

The Group applies the book value measurement method to all common control transactions, unless the Company concludes that the ownership with the entity under common control is transitory, in case of which the transaction is accounted for using the acquisition method. The assets and liabilities acquired are recognised at the carrying amounts recognised previously in the financial statements of the entities under common control. The components of equity of the acquired entities are added to the same components within the Group's equity. Any gain/loss arising is recognised directly in equity.

3 Material accounting policy information (continued)

Goodwill

Goodwill is initially measured at cost (being the excess of the aggregate of the consideration transferred and the amount recognised for non-controlling interests and any previous interest held over the net identifiable assets acquired and liabilities assumed). If the fair value of the net assets acquired is in excess of the aggregate consideration transferred, the Group re-assesses whether it has correctly identified all of the assets acquired and all of the liabilities assumed and reviews the procedures used to measure the amounts to be recognised at the acquisition date. If the reassessment still results in an excess of the fair value of net assets acquired over the aggregate consideration transferred, then the gain is recognised in profit or loss.

Goodwill is not amortised but tested for impairment at least annually. After initial recognition, goodwill is measured at cost less any accumulated impairment losses. For the purpose of impairment testing, goodwill acquired in a business combination is, from the acquisition date, allocated to each of the Group's cash-generating units that are expected to benefit from the combination, irrespective of whether other assets or liabilities of the acquiree are assigned to those units.

If the recoverable amount of the cash-generating unit is less than the carrying amount of the unit, the impairment loss is allocated first to reduce the carrying amount of any goodwill allocated to the unit and then to the other assets of the unit pro-rata on the basis of the carrying amount of each asset in the unit. An impairment loss recognised for goodwill is not reversed in a subsequent period. On disposal of a cash-generating unit, the attributable amount of goodwill is included in the determination of the profit or loss on disposal.

Operating segments

Operating segments are reported in a manner consistent with the internal reporting provided to the Group's executive management. An operating segment is a component of the Group that engages in business activities from which it may earn revenues and incur expenses, including revenues and expenses that relate to transactions with any of the Group's other components. All operating segments' operating results are reviewed regularly by the Group's executive management to make decisions about resources to be allocated to the segment and assess its performance, and for which financial information is available (note 29).

Revenue recognition

Revenue is measured at an amount that reflects the considerations, to which an entity expects to be entitled in exchange for transferring goods and services to customer, excluding amounts collected on behalf of third parties. The Group assesses its revenue arrangements against specific criteria to determine if it is acting as principal or agent.

When the Group satisfies a performance obligation by delivering the promised goods or services it creates a contract-based asset 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. The Group classifies its contract assets and liabilities as current and non-current based on the timing and pattern of flow of economic benefits.

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

Notes to the consolidated financial statements for the year ended 31 December 2024 (continued)

3 Material accounting policy information (continued)

Revenue recognition (continued)

The Group derives revenue primarily from the following streams:

- Services relating to information technology and artificial intelligence.
- Software development and implementation.

Revenue recognised point in time

Sale of products and services

For products sold to customers, revenue is measured based on the consideration specified in a contract with a customer. The Group recognises revenue when it transfers control over a product or service to a customer. For contracts that permit the customer to return an item, revenue is recognised to the extent that it is highly probable that a significant reversal in the amount of cumulative revenue recognised will not occur. Therefore, the amount of revenue recognised is adjusted for expected returns, which are estimated based on the historical data.

Revenue recognised over time

Contract revenue

The Group provides services relating to information technology and artificial intelligence. The revenue from these projects are recognised over the time of which the services are provided.

Rendering of services

Revenue from rendering of services relating to software development, maintenance, consulting and package implementation and from licensing of software products and platforms is recognised when the services have been fully provided and are recognised net of discounts.

Property and equipment

Recognition and measurement

Items of property and equipment are stated at historical cost less accumulated depreciation and accumulated impairment losses, if any.

The cost of property and equipment is the purchase cost, together with any incidental expenses of acquisition. The cost of self-constructed assets includes the cost of materials, direct labour, the initial estimate, where relevant, of the costs of dismantling and removing the items and restoring the site on which they are located, and an appropriate proportion of production overheads.

Subsequent costs

The cost of replacing component of an item of property and equipment is recognised in the carrying amount of the item if it is probable that the future economic benefits embodied within the component will flow to the Group and its cost can be measured reliably. The costs of the day-to-day servicing of property and equipment are recognised in the consolidated statement of profit or loss and other comprehensive income.

3 Material accounting policy information (continued)

Property and equipment (continued)

Depreciation

Depreciation is recognised so as to write off the cost or valuation of assets (other than freehold land and capital work-in-progress) less their residual values over their useful lives, using the straight-line method, on the following basis:

	Years
Motor vehicle	3-5
Furniture and fittings	3-5
Computer and industrial equipment	3

The estimated useful lives, residual values and depreciation method are reviewed at the end of each reporting period, with the effect of any changes in estimate accounted for on a prospective basis.

Derecognition of tangible assets

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

Capital work-in-progress

Expenditure incurred on property and equipment which are not complete and ready for use at the reporting date are treated as capital work-in-progress. Depreciation is not provided on such assets until they are ready for their intended use and transferred to the appropriate asset category.

Intangible assets

Intangible assets acquired separately

Intangible assets with finite useful lives that are acquired separately are carried at cost less accumulated amortisation and accumulated impairment losses. Amortisation is recognised on a straight-line basis over their estimated useful lives on the following basis:

	Years
Computer software	3-5
Licenses	2.6

The estimated useful life and amortisation method are reviewed at the end of each reporting period, with the effect of any changes in estimate being accounted for on a prospective basis. Intangible assets with indefinite useful lives that are acquired separately are carried at cost less accumulated impairment losses.

Capital work-in-progress

Capital work-in-progress is stated at cost, less accumulated impairment losses, if any. When commissioned, capital work-in-progress is transferred to the appropriate category of intangible assets. Amortisation is made on the same basis as respective intangible assets, commencing when the assets are ready for their intended use. No amortisation is charged on capital work-in-progress.

3 Material accounting policy information (continued)

Intangible assets (continued)

Intangible assets acquired in a business combination

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

Amortisation is charged on a straight-line basis over the useful economic life and assessed for impairment whenever there is an indication that the intangible asset may be impaired. The amortisation period and the amortisation method for an intangible asset with a finite useful life are reviewed at least at the end of each reporting period. Changes in the expected useful life or the expected pattern of consumption of future economic benefits embodied in the asset are considered to modify the amortisation period or method, as appropriate, and are treated as changes in accounting estimates. The amortisation expense on intangible assets with finite lives is recognised in profit or loss in the expense category that is consistent with the function of the intangible assets. An intangible asset is derecognised upon disposal (i.e., at the date the recipient obtains control) or when no future economic benefits are expected from its use or disposal. Any gain or loss arising upon derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in profit or loss.

Amortization on customer contracts recognised under business combination is calculated using the straight-line method to allocate the cost over their estimated useful lives which is 25 years.

Intangible assets – internally developed software

The Group invests a substantial cost in development of its AI solutions and enhancement of its products. Expenditure on research activities prior to the development stage is recognised in the statement of comprehensive income as an expense in the period in which it is incurred. Costs associated with the development of new or substantially improved products or modules are capitalized once the following criteria are met:

- Technical feasibility of completing the intangible asset so that it will be available for use or sale;
- Management intent and ability to complete the intangible asset and use or sell it;
- Management's ability to use or sell the intangible asset;
- How the intangible asset will generate probable future economic benefits;
- Availability of adequate technical, financial, and other resources to complete the development and to use or sell the intangible asset;
- Management's ability to measure reliably the expenditure attributable to the intangible asset during its development.

Management uses judgement to determine the technical feasibility of each internally developed solution. Once a potential solution is expected to achieve commercial success, it's considered feasible and ready for capitalization. Software development costs meeting the capitalization criteria are capitalized as intangible assets in the statement of financial position. The Company continues to assess these costs for capitalization eligibility on an ongoing basis at a project level. If the development costs do not meet the above criteria, they are charged to the statement of profit or loss and other comprehensive income as incurred.

The estimated useful lives for these intangible assets are 3 – 5 years.

Notes to the consolidated financial statements for the year ended 31 December 2024 (continued)

3 Material accounting policy information (continued)

Intangible assets (continued)

Derecognition of intangible assets

An intangible asset is derecognised on disposal, or when no future economic benefits are expected from use or disposal. Gains or losses arising from derecognition of an intangible asset, measured as the difference between the net disposal proceeds and the carrying amount of the asset, are recognised in profit or loss when the asset is derecognised.

Impairment of property and equipment and intangible assets

At the end of each reporting period, the Group reviews the carrying amounts of its property and equipment and intangible 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). Where it is not possible to estimate the recoverable amount of an individual asset, the Group estimates the recoverable amount of the cash-generating unit to which the asset belongs.

Where 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 Group of cash-generating units for which a reasonable and consistent allocation basis can be identified.

Intangible assets with an indefinite useful life are tested for impairment at least annually and whenever there is an indication at the end of a reporting period that the asset may be impaired.

Recoverable amount is the higher of fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a discount rate that reflects current market assessments of the time value of money and the risks specific to the assets 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 recognised immediately in profit or loss, unless the relevant asset is carried at a revalued amount, in which case the impairment loss is treated as a revaluation decrease and to the extent that the impairment loss is greater than the related revaluation surplus, the excess impairment loss is recognised in profit or loss.

Where an impairment loss subsequently reverses, the carrying amount of the asset (or 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 recognised for the asset (or cash-generating unit) in prior years. A reversal of an impairment loss is recognised immediately in profit or loss to the extent that it eliminates the impairment loss which has been recognised for the asset in prior years. Any increase in excess of this amount is treated as a revaluation increase.

3 Material accounting policy information (continued)

Provisions

Provisions are recognised when the Group has a present obligation (legal or constructive) as a result of a past event, it is probable that the Group will be required to settle that 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, considering 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.

Onerous contracts

Present obligations arising under onerous contracts are recognised and measured as provisions. An onerous contract is considered to exist where the Group has a contract under which the unavoidable costs of meeting the obligations under the contract exceed the economic benefits expected to be received under it.

Contingencies

Contingent liabilities are not recognised in the consolidated financial statements. They are disclosed unless the possibility of an outflow of resources embodying economic benefits is remote. Contingent assets are not recognised in the consolidated financial statements but disclosed when an inflow of economic benefits is probable.

Contingent liabilities acquired in a business combination

Contingent liabilities acquired in a business combination are initially measured at fair value at the acquisition date. At the end of subsequent reporting periods, such contingent liabilities are measured at the higher of the amount that would be recognised in accordance with IAS 37 and the amount recognised initially less cumulative amount of income recognised in accordance with the principles of IFRS 15.

Employees' end of service benefits

An accrual is made for the estimated liability for employees' entitlement to annual leave and leave passage as a result of services rendered by eligible employees up to the reporting date.

Provision is also made for the full amount of end of service benefits due to employees in accordance with the Group's policy, which is at least equal to the benefits payable in accordance with UAE Labor Law and the ADGM Employment Regulations 2019, for their period of service up to the end of reporting period. The accrual relating to annual leave and leave passage is disclosed as a current liability, while the provision relating to end of service benefit is disclosed as a non-current liability.

Pension contributions are made in respect of UAE national employees to the UAE General Pension and Social Security Authority in accordance with the UAE Federal Law No. (2) of 2000 for Pension and Social Security. Such contributions are charged to profit or loss during the employees' period of service.

Notes to the consolidated financial statements
for the year ended 31 December 2024 (continued)

3 Material accounting policy information (continued)

Cash and cash equivalents

In the consolidated statement of financial position, bank balances comprise cash and short-term deposits (i.e. cash at bank and cash equivalents). Cash equivalents are short-term (generally with original maturity of three months or less), highly liquid investments that are readily convertible to a known amount of cash and which are subject to an insignificant risk of changes in value. Cash equivalents are held for the purpose of meeting short-term cash commitments rather for investment or other purposes.

Bank balances for which use by the Group is subject to third party contractual restrictions are included as part of cash unless the restrictions result in a bank balance no longer meeting the definition of cash.

For the purposes of the statement of cash flows, cash and cash equivalents consist of cash at bank as defined above.

Fair value measurement

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date in the principal or, in its absence, the most advantageous market to which the Group has access at that date. The fair value of a liability reflects its non-performance risk.

A number of the Group's accounting policies and disclosures require the measurement of fair values, for both financial and non-financial assets and liabilities.When one is available, the Group measures the fair value of an instrument using the quoted price in an active market for that instrument. A market is regarded as active if transactions for the asset or liability take place with sufficient frequency and volume to provide pricing information on an ongoing basis.

Notes to the consolidated financial statements for the year ended 31 December 2024 (continued)

3 Material accounting policy information (continued)

Fair value measurement (continued)

If there is no quoted price in an active market, then the Group uses valuation techniques that maximise the use of relevant observable inputs and minimise the use of unobservable inputs. The chosen valuation technique incorporates all of the factors that market participants would consider in pricing a transaction.

If an asset or a liability measured at fair value has a bid price and an ask price, then the Group measures assets and long positions at a bid price and liabilities and short positions at an ask price.

The best evidence of the fair value of a financial instrument on initial recognition is normally the transaction price i.e. the fair value of the consideration given or received. If the Group determines that the fair value on initial recognition differs from the transaction price and the fair value is evidenced neither by a quoted price in an active market for an identical asset or liability nor based on a valuation technique for which any unobservable inputs are judged to be insignificant in relation to the measurement, then the financial instrument is initially measured at fair value, adjusted to defer the difference between the fair value on initial recognition and the transaction price. Subsequently, that difference is recognised in profit or loss on an appropriate basis over the life of the instrument but no later than when the valuation is wholly supported by observable market data or the transaction is closed out.

Financial instruments

Financial assets and financial liabilities are recognised in the Group's consolidated statement of financial position when the Group becomes a party to the contractual provisions of the instrument.

Financial assets and financial liabilities are initially measured at fair value except for trade receivables that do not have a significant financing component which are measured at transaction price. 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 recognised immediately in the profit or loss.

Financial assets

All regular way purchases or sales of financial assets are recognised and derecognised on a trade date basis. Regular way purchases or sales are purchases or sales of financial assets that require delivery of assets within the time frame established by regulation or convention in the marketplace.

All recognised financial assets are measured subsequently in their entirety at either amortised cost or fair value, depending on the classification of the financial assets.

Notes to the consolidated financial statements for the year ended 31 December 2024 (continued)

3 Material accounting policy information (continued)

Financial instruments (continued)

Financial assets (continued)

Classification of financial assets

Debt instruments that meet the following conditions are measured subsequently at amortised 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.

Debt instruments that meet the following conditions are measured subsequently at fair value through other comprehensive income (FVTOCI):

- the financial asset is held within a business model whose objective is achieved by both collecting contractual cash flows and selling the financial assets; 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.

By default, all other financial assets are measured subsequently at fair value through profit or loss (FVTPL).

Despite the foregoing, the Group may make the following irrevocable election / designation at initial recognition of a financial asset:

- the Group may irrevocably elect to present subsequent changes in fair value of an equity investment in other comprehensive income if certain criteria are met (see (iii) below); and
- the Group may irrevocably designate a debt investment that meets the amortised cost or FVTOCI criteria as measured at FVTPL if doing so eliminates or significantly reduces an accounting mismatch.

(i) Amortised cost and effective interest rate method

The effective interest method is a method of calculating the amortised cost of a debt instrument and of allocating interest income over the relevant period.

For financial instruments other than purchased or originated credit-impaired financial assets (i.e. assets that are credit-impaired on initial recognition), the effective interest rate is the rate that exactly discounts estimated future cash receipts (including all fees and points 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. For purchased or originated credit-impaired financial assets, a credit-adjusted effective interest rate is calculated by discounting the estimated future cash flows, including expected credit losses, to the amortised cost of the debt instrument on initial recognition.

The amortised 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 amortisation using the effective interest method of any difference between that initial amount and the maturity amount, adjusted for any loss allowance. The gross carrying amount of a financial asset is the amortised cost of a financial asset before adjusting for any loss allowance.

3 Material accounting policy information (continued)

Financial instruments (continued)

Financial assets (continued)

<u>Classification of financial assets (continued)</u>

(i) Amortised cost and effective interest rate method (continued)

Interest income is recognised using the effective interest method for debt instruments measured subsequently at amortised cost and at FVTOCI. For financial assets other than purchased or originated credit-impaired financial assets, interest income is calculated by applying the effective interest rate to the gross carrying amount of a financial asset, except for financial assets that have subsequently become credit-impaired (see below). For financial assets that have subsequently become credit-impaired, interest income is recognised by applying the effective interest rate to the amortised 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 recognised by applying the effective interest rate to the gross carrying amount of the financial asset.

For purchased or originated credit-impaired financial assets, the Group recognises interest income by applying the credit-adjusted effective interest rate to the amortised cost of the financial asset from initial recognition. The calculation does not revert to the gross basis even if the credit risk of the financial asset subsequently improves so that the financial asset is no longer credit-impaired. Interest income is recognised in profit or loss and is included as 'finance income'.

(ii) Debt instruments classified as at FVTOCI

Debt instruments held by the Group are classified as at FVTOCI. These instruments are initially measured at fair value plus transaction costs. Subsequently, changes in the carrying amount of these instruments as a result of foreign exchange gains and losses, impairment gains or losses and interest income calculated using the effective interest method are recognised in profit or loss. The amounts that are recognised in profit or loss are the same as the amounts that would have been recognised in profit or loss if these instruments had been measured at amortised cost. All other changes in the carrying amount of these instruments are recognised in other comprehensive income. When these instruments are derecognised, the cumulative gains or losses previously recognised in other comprehensive income are reclassified to profit or loss.

(iii) Equity instruments carried as at FVTOCI

On initial recognition, the Group may make an irrevocable election (on an instrument-by-instrument basis) to designate investments in equity instruments as at FVTOCI. Designation at FVTOCI is not permitted if the equity investment is held for trading or if it is contingent consideration recognised by an acquirer in a business combination.

Investments in equity instruments at FVTOCI are initially measured at fair value plus transaction costs. Subsequently, they are measured at fair value with gains and losses arising from changes in fair value recognised in other comprehensive income and accumulated in the fair value reserve. The cumulative gain or loss is not reclassified to profit or loss on disposal of the equity investments, instead, it is transferred to retained earning

Notes to the consolidated financial statements
for the year ended 31 December 2024 (continued)

3 Material accounting policy information (continued)

Financial instruments (continued)

Financial assets (continued)

Classification of financial assets (continued)

(iii) Equity instruments carried as at FVTOCI (continued)

Dividends on these investments in equity instruments are recognised in profit or loss in accordance with IFRS 9, unless the dividends clearly represent a recovery of part of the cost of the investment.

A financial asset is held for trading if:

- it has been acquired principally for the purpose of selling it in the near term; or
- on initial recognition it is part of a portfolio of identified financial instruments that the Group manages together and has evidence of a recent actual pattern of short-term profit-taking; or
- it is a derivative (except for a derivative that is a financial guarantee contract or a designated and effective hedging instrument).

(iv) Financial assets at FVTPL

Financial assets that do not meet the criteria for being measured at amortised cost or FVTOCI (see (i) to (iii) above) are measured at FVTPL. Specifically:

- Investments in equity instruments are classified as at FVTPL, unless the Group designates an equity investment that is neither held for trading nor a contingent consideration arising from a business combination as at FVTOCI on initial recognition (see (iii) above).

- Debt instruments that do not meet the amortised cost criteria or the FVTOCI (see (i) and (ii) above) criteria are classified as at FVTPL. In addition, debt instruments that meet either the amortised cost criteria or the FVTOCI criteria may be designated as at FVTPL upon initial recognition if such designation eliminates or significantly reduces a measurement or recognition inconsistency (so called ‘accounting mismatch’) that would arise from measuring assets or liabilities or recognising the gains and losses on them on different bases. The Group has not designated any debt instruments as at FVTPL.

Financial assets at FVTPL are measured at fair value at the end of each reporting period, with any fair value gains or losses recognised in profit or loss to the extent they are not part of a designated hedging relationship. The net gain or loss recognised in profit or loss includes any dividend or interest earned on the financial asset.

Impairment of financial assets

The Group recognises a loss allowance for expected credit losses (ECL) on trade and other receivables (excluding advances to suppliers and prepayments), contract assets, due from a related party and bank balances. 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.

Notes to the consolidated financial statements for the year ended 31 December 2024 (continued)

3 Material accounting policy information (continued)

Financial instruments (continued)

Financial assets (continued)

Impairment of financial assets (continued)

The Group always recognises lifetime ECL for trade and other receivables (excluding advances to suppliers and prepayments), contract assets, due from a related party and bank balances. The expected credit losses on these financial assets are estimated using a loss rate that is specific to the debtors, general economic conditions 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.

For all other financial instruments, the Group recognises lifetime ECL when there has been a significant increase in credit risk since initial recognition. However, if the credit risk on the financial instrument has not increased significantly since initial recognition, the Group measures the loss allowance for that financial instrument at an amount equal to 12-month ECL.

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.

(i) Significant increase in credit risk

In assessing whether the credit risk on a financial instrument has increased significantly since initial recognition, the Group 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 Group 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. Forward looking information considered includes the future prospects of the industries in which the Group's debtors operate, obtained from economic expert reports, financial analysts, governmental bodies, relevant think-tanks and other similar organisations, as well as consideration of various external sources of actual and forecast economic information that relate to the Group's core operations.

In particular, the following information is considered 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, e.g. a significant increase in the credit spread, the credit default swap prices for the debtor, or the length of time or the extent to which the fair value of a financial asset has been less than its amortised cost;
- 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;

Notes to the consolidated financial statements for the year ended 31 December 2024 (continued)

3 Material accounting policy information (continued)

Financial instruments (continued)

Financial assets (continued)

Impairment of financial assets (continued)

(i) Significant increase in credit risk (continued)

- 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; and
- 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 Group presumes that the credit risk on a financial asset has increased significantly since initial recognition when contractual payments are more than 365 days past due, unless the Group has reasonable and supportable information that demonstrates otherwise.

Despite the foregoing, the Group 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:

- the financial instrument has a low risk of default,
- the borrower has a strong capacity to meet its contractual cash flow obligations in the near term, and
- 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 Group 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 are capable of identifying significant increase in credit risk before the amount becomes past due.

(ii) Definition of default

The Group considers the following as constituting an event of default for internal credit risk management purposes as historical experience indicates that financial assets that meet either of the following criteria are generally not recoverable:

- when there is a breach of financial covenants by the debtor; or
- Information developed internally or obtained from external sources indicates that the debtor is unlikely to pay its creditors, including the Group, in full (without taking into account any collateral held by the Group).

Irrespective of the above analysis, the Group considers that default has occurred when a financial asset is more than 365 days past due unless the Group has reasonable and supportable information to demonstrate that a more lagging default criterion is more appropriate.

Notes to the consolidated financial statements
for the year ended 31 December 2024 (continued)

3 Material accounting policy information (continued)

Financial instruments (continued)

Financial assets (continued)

Impairment of financial assets (continued)

(iii) 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 (see (ii) above);
- 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 borrower will enter bankruptcy or other financial reorganisation; or
- the disappearance of an active market for that financial asset because of financial difficulties.

(iv) Write-off policy

The Group 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 e.g. when the debtor has been placed under liquidation or has entered into bankruptcy proceedings, or in the case of trade receivables, when the amounts are over three years past due, whichever occurs sooner. Financial assets written off may still be subject to enforcement activities under the Group's recovery procedures, considering legal advice where appropriate. Any recoveries made are recognised in profit or loss.

(v) Measurement and recognition of expected credit losses

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

IFRS 9 considers the calculation of ECL by multiplying the Probability of default (PD), Loss Given Default (LGD) and Exposure at Default (EAD) adjusted by forward-looking information.

Details of these statistical parameters/inputs are as follows:

- The probability of default (PD) is an estimate of the likelihood of default over a given time horizon;
- The exposure at default (EAD) is an estimate of the exposure at a future default date, taking into account expected changes in the exposure after the reporting date;
- The loss given default (LGD) is an estimate of the loss arising in the case where a default occurs at a given time. It is based on the difference between the contractual cash flows due and those that the Group would expect to receive; and
- Macroeconomic factors, forward looking information and multiple scenarios: IFRS 9 requires an unbiased and probability weighted estimate of credit losses by evaluating a range of possible outcomes that incorporates forecasts of future economic conditions.

Notes to the consolidated financial statements
for the year ended 31 December 2024 (continued)

3 Material accounting policy information (continued)

Financial instruments (continued)

Financial assets (continued)

Impairment of financial assets (continued)

(v) Measurement and recognition of expected credit losses (continued)

If the Group 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 Group measures the loss allowance at an amount equal to 12-month ECL at the current reporting date, except for assets for which the simplified approach was used.

The Group recognises an impairment gain or loss in profit or loss for all financial instruments with a corresponding adjustment to their carrying amount through a impairment loss account, except for investments in debt instruments that are measured at FVTOCI, for which the loss allowance is recognised in other comprehensive income and accumulated in the fair value reserve, and does not reduce the carrying amount of the financial asset in the consolidated statement of financial position.

Derecognition of financial assets

The Group derecognises 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 entity. If the Group neither transfers nor retains substantially all the risks and rewards of ownership and continues to control the transferred asset, the Group recognises its retained interest in the asset and an associated liability for amounts it may have to pay. If the Group retains substantially all the risks and rewards of ownership of a transferred financial asset, the Group continues to recognise the financial asset and also recognises a collateralised borrowing for the proceeds received.

On derecognition of a financial asset measured at amortised cost, the difference between the asset's carrying amount and the sum of the consideration received and receivable is recognised in profit or loss. In addition, on derecognition of an investment in a debt instrument classified as at FVTOCI, the cumulative gain or loss previously accumulated in the investment's fair value reserve is reclassified to profit or loss. In contrast, on derecognition of an investment in equity instrument which the Group has elected on initial recognition to measure at FVTOCI, the cumulative gain or loss previously accumulated in the investment's fair value reserve is not reclassified to profit or loss, but is transferred to retained earnings.

Financial liabilities and equity

Classification as debt or equity

Debt and equity instruments are classified as either financial liabilities or as equity in accordance with the substance of the contractual arrangements and the definitions of a financial liability and an equity instrument.

Equity instruments

An equity instrument is any contract that evidences a residual interest in the assets of an entity after deducting all of its liabilities. Equity instruments issued by the Group are recognised at the proceeds received, net of direct issue costs.

Notes to the consolidated financial statements for the year ended 31 December 2024 (continued)

3 Material accounting policy information (continued)

Financial instruments (continued)

Financial liabilities and equity (continued)

Equity instruments (continued)

Repurchase of the Company's own equity instruments is recognised and deducted directly in equity. No gain or loss is recognised in profit or loss on the purchase, sale, issue or cancellation of the Company's own equity instruments.

Financial liabilities

All financial liabilities are measured subsequently at amortised cost using the effective interest method or at FVTPL.

Financial liabilities at FVTPL

Financial liabilities are classified as at FVTPL when the financial liability is (i) contingent consideration of an acquirer in a business combination, (ii) held for trading or (iii) it is designated as at FVTPL.

A financial liability is classified as held for trading if:

- it has been acquired principally for the purpose of repurchasing it in the near term; or
- on initial recognition it is part of a portfolio of identified financial instruments that the Group manages together and has a recent actual pattern of short-term profit-taking; or
- it is a derivative, except for a derivative that is a financial guarantee contract or a designated and effective hedging instrument.

A financial liability other than a financial liability held for trading or contingent consideration of an acquirer in a business combination may be designated as at FVTPL upon initial recognition if:

- such designation eliminates or significantly reduces a measurement or recognition inconsistency that would otherwise arise; or
- the financial liability forms part of a group of financial assets or financial liabilities or both, which is managed and its performance is evaluated on a fair value basis, in accordance with the Group's documented risk management or investment strategy, and information about the grouping is provided internally on that basis; or
- it forms part of a contract containing one or more embedded derivatives, and IFRS 9 permits the entire combined contract to be designated as at FVTPL.

Financial liabilities at FVTPL are stated at fair value, with any gains or losses arising on changes in fair value recognised in the consolidated statement of profit or loss to the extent that they are not part of a designated hedging relationship. The net gain or loss recognised in the consolidated statement profit or loss incorporates any interest paid on the financial liability.

3 Material accounting policy information (continued)

Financial instruments (continued)

Financial liabilities and equity (continued)

Financial liabilities (continued)

Financial liabilities at FVTPL (continued)

However, for financial liabilities that are designated as at FVTPL, the amount of change in the fair value of the financial liability that is attributable to changes in the credit risk of that liability is recognised in consolidated statement of other comprehensive income, unless the recognition of the effects of changes in the liability's credit risk in other comprehensive income would create or enlarge an accounting mismatch in profit or loss. The remaining amount of change in the fair value of liability is recognised in profit or loss. Changes in fair value attributable to a financial liability's credit risk that are recognised in other comprehensive income are not subsequently reclassified to profit or loss; instead, they are transferred to retained earnings upon derecognition of the financial liability.

Gains or losses on financial guarantee contracts issued by the Group that are designated by the Group as at FVTPL are recognised in profit or loss.

Financial liabilities measured subsequently at amortised cost

Financial liabilities that are not (i) contingent consideration of an acquirer in a business combination, (ii) held-for-trading, or (iii) designated as FVTPL, are measured subsequently at amortised cost using the effective interest method.

The effective interest method is a method of calculating the amortised cost of a financial liability and of allocating interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments (including all fees and points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the financial liability, or (where appropriate) a shorter period, to the amortised cost of a financial liability.

Derecognition of financial liabilities

The Group derecognises financial liabilities when, and only when, the Group's obligations are discharged, cancelled or have expired. The difference between the carrying amount of the financial liability derecognised and the consideration paid and payable is recognised in profit or loss.

Offsetting of financial instruments

Financial assets and financial liabilities are offset and the net amount reported in the consolidated statement of financial position if, and only if, there is a currently enforceable legal right to offset the recognised amounts and there is an intention to settle on a net basis, or to realise the assets and settle the liabilities simultaneously. Income and expenses are offset in the consolidated statement of comprehensive income when it reflects the substance of the transaction or other event.

3 Material accounting policy information (continued)

Foreign currencies

Items included in the consolidated financial statements are measured using UAE Dirhams ("AED"), which is the functional currency and the presentation currency of the Group.

Transactions in currencies other than AED (foreign currencies) are recorded at the rates of exchange prevailing at the dates of the transactions. At the end of each reporting period, monetary items denominated in foreign currencies are retranslated at the rates prevailing at that date. Non-monetary items carried at fair value that are denominated in foreign currencies are retranslated at the rates prevailing at the date when the fair value was determined. Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated.

Exchange differences are recognised in profit or loss in the period in which they arise except for:

- Exchange differences on monetary items receivable from or payable to a foreign operation for which settlement is neither planned nor likely to occur in the foreseeable future (therefore forming part of the net investment in the foreign operation), which are recognised initially in other comprehensive income and reclassified from equity to profit or loss on disposal or partial disposal of the net investment.
- Exchange differences on transactions entered into to hedge certain foreign currency risks.
- Exchange differences on foreign currency borrowings relating to assets under construction for future productive use, which are included in the cost of those assets when they are regarded as an adjustment to interest costs on those foreign currency borrowings.

For the purpose of presenting consolidated financial statements, the assets and liabilities of the Group's foreign operations are translated at exchange rates prevailing on the reporting date. Income and expense items are translated at the average exchange rates for the period, unless exchange rates fluctuate significantly during that period, in which case the exchange rates at the date of transactions are used. Exchange differences arising, if any, are recognised in other comprehensive income and accumulated in a foreign exchange translation reserve (attributed to non-controlling interests as appropriate).

On the disposal of a foreign operation (i.e. a disposal of the Group's entire interest in a foreign operation, or a disposal involving loss of control over a subsidiary that includes a foreign operation or a partial disposal of an interest in a joint arrangement or an associate that includes a foreign operation of which the retained interest becomes a financial asset), all of the exchange differences accumulated in a foreign exchange translation reserve in respect of that operation attributable to the owners of the Company are reclassified to profit or loss.

Goodwill and fair value adjustments arising on the acquisition of a foreign entity are treated as assets and liabilities of the foreign entity and translated at the closing rate. Exchange differences arising are recognised in other comprehensive income.

Grant

Government grants are not recognised until there is reasonable assurance that the group will comply with the conditions attaching to them and that the grants will be received.

Government grants are recognised in consolidated statement of profit or loss on a systematic basis over the periods in which the group recognises as expenses the related costs for which the grants are intended to compensate.

Notes to the consolidated financial statements
for the year ended 31 December 2024 (continued)

3 Material accounting policy information (continued)

Grant (continued)

Government grants that are receivable as compensation for expenses or losses already incurred or for the purpose of giving immediate financial support to the group with no future related costs are recognised in consolidated statement of profit or loss in the period in which they become receivable.

There are two broad approaches to the accounting for government grants: the capital approach, under which a grant is recognised outside profit or loss, and the income approach, under which a grant is recognised in profit or loss over one or more periods.

Grants related to income are presented as part of profit or loss and are deducted in reporting the related expenses.

Leases

The Group as a lessee

The Group assesses whether a contract is or contains a lease, at inception of the contract. The Group recognises 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 Group recognises 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 Group uses its incremental borrowing rate. Generally, the Group uses its incremental borrowing rate as the discount rate.

Lease payments included in the measurement of the lease liability comprise:

- Fixed lease payments (including in-substance fixed payments), less any lease incentives receivable;
- 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 in the consolidated statement of financial position.

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

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

3 Material accounting policy information (continued)

Leases (continued)

The Group as a lessee (continued)

- The lease term has changed or there is a significant event or change in circumstances resulting in 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 expected payment under a guaranteed residual value, in which cases the lease liability is remeasured by discounting the revised lease payments using an unchanged 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 based on the lease term of the modified lease by discounting the revised lease payments using a revised discount rate at the effective date of the modification.

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 depreciation and impairment losses. Whenever the Group incurs an obligation for costs to dismantle and remove a leased asset, restore the site on which it is located or restore the underlying asset to the condition required by the terms and conditions of the lease, a provision is recognised and measured under IAS 37. To the extent that the costs relate to a right-of-use asset, the costs are included in the related right-of-use asset, unless those costs are incurred to produce inventories.

Right-of-use assets are depreciated over the shorter period of lease term and useful life of the right-of-use asset. If a lease transfers ownership of the underlying asset or the cost of the right-of-use asset reflects that the Group 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 right-of-use assets are presented as a separate line in the consolidated statement of financial position.

The Group applies IAS 36 to determine whether a right-of-use asset is impaired and accounts for any identified impairment loss as described in the ‘Property and equipment’ policy.

Variable rents that do not depend on an index or rate are not included in the measurement 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.

Taxation

The income tax expense represents the sum of current and deferred income tax expense.

Current tax

The tax currently payable is based on taxable profit for the year. Taxable profit differs from net profit as reported in profit or loss because it excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are never taxable or deductible. The Group’s liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the end of the reporting period.

3 Material accounting policy information (continued)

Taxation (continued)

Current tax (continued)

A provision is recognised for those matters for which the tax determination is uncertain but it is considered probable that there will be a future outflow of funds to a tax authority. The provisions are measured at the best estimate of the amount expected to become payable. The assessment is based on the judgement of tax professionals within the parent company supported by previous experience in respect of such activities and in certain cases based on specialist independent tax advice.

Deferred tax

Deferred tax is the tax expected to be payable or recoverable on 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, and is accounted for using the liability method. Deferred tax liabilities are generally recognised for all taxable temporary differences and deferred tax assets are recognised to the extent that it is probable that taxable profits will be available against which deductible temporary differences can be utilised. Such assets and liabilities are not recognised if the temporary difference arises from the initial recognition (other than in a business combination) of other assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit. In addition, a deferred tax liability is not recognised if the temporary difference arises from the initial recognition of goodwill.

Deferred tax liabilities are recognised for taxable temporary differences arising on investments in subsidiaries and associates, and interests in joint ventures, except where the Group is able to control the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future. Deferred tax assets arising from deductible temporary differences associated with such investments and interests are only recognised to the extent that it is probable that there will be sufficient taxable profits against which to utilise the benefits of the temporary differences and they are expected to reverse in the foreseeable future.

The carrying amount of deferred tax assets is reviewed at each reporting date 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.

Deferred tax is calculated at the tax rates that are expected to apply in the period when the liability is settled or the asset is realised based on tax laws and rates that have been enacted or substantively enacted at the reporting date.

The measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which the Group expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities.

3 Material accounting policy information (continued)

Taxation (continued)

Deferred tax (continued)

For the purposes of measuring deferred tax liabilities and deferred tax assets for investment properties that are measured using the fair value model, the carrying amounts of such properties are presumed to be recovered entirely through sale, unless the presumption is rebutted. The presumption is rebutted when the investment property is depreciable and is held within a business model whose objective is to consume substantially all of the economic benefits embodied in the investment property over time, rather than through sale. The directors reviewed the Group's investment property portfolios and concluded that none of the Group's investment properties are held under a business model whose objective is to consume substantially all of the economic benefits embodied in the investment properties over time, rather than through sale. Therefore, the directors have determined that the 'sale' presumption set out in the amendments to IAS 12 is not rebutted. As a result, the Group has not recognised any deferred taxes on changes in fair value of the investment properties as the Group is not subject to any income taxes on the fair value changes of the investment properties on disposal.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets against current tax liabilities and when they relate to income taxes levied by the same taxation authority and the Group intends to settle its current tax assets and liabilities on a net basis.

Current tax and deferred tax for the year

Current and deferred tax are recognised in profit or loss, except when they relate to items that are recognised in other comprehensive income or directly in equity, in which case the current and deferred tax are also recognised in other comprehensive income or directly in equity respectively. Where current tax or deferred tax arises from the initial accounting for a business combination, the tax effect is included in the accounting for the business combination.

4 Critical accounting judgments and key sources of estimation uncertainty

In applying the Group's accounting policies, which are described in note 3, the management is required to make judgements (other than those involving estimations) that have a significant impact on the amounts recognised 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.

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. The significant judgments and estimates made by management are summarised below.

4.1 Critical judgments in applying the Group's accounting policies

The following are the critical judgments, apart from those involving estimations (see 4.2 below), that the management have made in the process of applying the Group's accounting policies and have the most significant effect on the amounts recognised in the consolidated financial statements.

4 Critical accounting judgments and key sources of estimation uncertainty (continued)

4.1 Critical judgments in applying the Group's accounting policies (continued)

Judgements in determining the timing of satisfaction of performance obligations

The Group recognises revenue over time as it performs continuous transfer of control of goods or services to the customers. Since customers simultaneously receive and consumes the benefits provided and the control transfer takes place over time, revenue is also recognised based on the extent of transfer/completion of transfer of each performance obligation (POs). In determining the method for measuring progress for these POs, the Group considered the nature of these goods and services as well as the nature of its performance. The Group's promise under the contracts is to prepare the software and provide them to their customers in number of steps along with support services. Provided that the nature of the products is highly customised and services are highly interrelated, the performance obligation is considered as satisfied upon receipt of acceptance of services from the customer.

Revenue recognition

Management considers recognizing revenue over time, if one of the following criteria is met, otherwise revenue will be recognized at a point in time:

a) the customer simultaneously receives and consumes the benefits provided by the Group's performance as the Group perform;
b) the Group's performance creates or enhances an asset that the customer controls as the asset is created or enhanced; or
c) the Group's performance does not create an asset with an alternative use to the entity and the entity has an enforceable right to payment for performance completed to date.

Significant increase in credit risk

ECL are measured as an allowance equal to 12-month ECL for stage 1 assets, or lifetime ECL assets for stage 2 or stage 3 assets. An asset moves to stage 2 when its credit risk has increased significantly since initial recognition. IFRS 9 does not define what constitutes a significant increase in credit risk. In assessing whether the credit risk of an asset has significantly increased the Group considers qualitative and quantitative reasonable and supportable forward-looking information. The expected credit losses on trade receivables are estimated using a loss rate, with 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.

4.2 Key sources of estimation uncertainty

The key assumptions concerning the future, and other key sources of estimation uncertainty at 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, are discussed below:

Notes to the consolidated financial statements for the year ended 31 December 2024 (continued)

4 Critical accounting judgments and key sources of estimation uncertainty (continued)

4.2 Key sources of estimation uncertainty (continued)

Impairment of property and equipment and intangible assets excluding goodwill

Property and equipment and intangible assets are assessed for impairment based on assessment of cash flows on individual cash generating units when there is indication of impairment. Cash flows are determined based on contractual agreements and estimations over the useful life of the assets and discounted using a range of discounting rates representing the rate of return on such cash generating units. The net present values are compared to the carrying amounts to assess any probable impairment. Management is satisfied that no impairment provision is necessary on property and equipment and intangible assets.

Useful lives and residual of property and equipment and intangible assets

Management reviews the estimated useful lives and residual values of property and equipment and, intangible asset at the end of each annual reporting period in accordance with IAS 16 Property, Plant and Equipment and IAS 38 Intangible Assets. Management determined that current year expectations do not differ from previous estimates based on its review.

Impairment of goodwill

Determining whether goodwill is impaired requires an estimation of the value-in-use of the cash-generating units to which goodwill has been allocated. The value in use calculation requires the Group to estimate the future cash flows expected to arise from the cash-generating unit and a suitable discount rate in order to calculate present value which necessarily involves making numerous estimates and assumptions regarding revenue growth, operating margins, appropriate discount rates and working capital requirements. These estimates will likely differ from future actual results of operations and cash flows, and it is possible that these differences could be material.

The Group has conducted a sensitivity analysis of the impairment test by changing key assumptions used to determine the recoverable amount of cash-generating units to which goodwill is allocated. It concluded that any reasonably possible change in the key assumptions on which the recoverable amount of Goodwill is based would not cause the aggregate carrying amount to exceed the aggregate recoverable amount of the related cash-generating units.

Calculation of loss allowance

When measuring ECL the Group use 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 lender would expect to receive, taking into account cash flows from collateral and integral credit enhancements.

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. As at 31 December 2024, the expected credit loss, as per ECL model, on trade receivables is AED 15,781 thousand (31 December 2023: AED 5,593 thousand) and on contract assets is AED 3,067 thousand (31 December 2023: AED 3,067 thousand). The Group mainly deals with government entities as customers and hence, the associated credit risk is very low.

Notes to the consolidated financial statements for the year ended 31 December 2024 (continued)

4 Critical accounting judgments and key sources of estimation uncertainty (continued)

4.2 Key sources of estimation uncertainty (continued)

Determination of percentage of completion

Certain contract revenues are recognised using the percentage-of-completion method, whereby contract profits are recorded on the basis of the Group's estimate of the individual contracts based on the actual costs incurred to total estimated costs or the work done considering acceptance approved by the customer. Costs and estimated earnings in excess of billings on specific contracts and unbilled work are recorded as contract assets. Billings in excess of costs and estimated earnings are accounted for as a liability.

Business combinations

Accounting for the acquisition of a business requires the allocation of the purchase price to the various identifiable assets and liabilities of the acquired business including intangible assets. For most assets and liabilities, the purchase price allocation is accomplished by recording the asset or liability at its estimated fair value. Determining the fair value of assets acquired and liabilities assumed requires judgment by management and often involves the use of significant estimates and assumptions, including assumptions with respect to future cash inflows and outflows, discount rates, the useful lives of intangible assets and other assets and market multiples. The Group's management uses all available information to make these fair value determinations.

Fair value of identifiable assets and liabilities

The identifiable assets acquired, and the liabilities assumed in business combination are recognized at their fair value (note 5). In estimating the fair value of an asset or a liability, the Group engaged a third-party qualified valuation experts to perform the valuation. The underlying assumptions and estimates in assessing the fair values are detailed in note 7.

Income taxes

The Group recognises the net future tax benefit to the extent that it is probable that the deductible temporary differences will reverse in the foreseeable future. Assessing the recoverability of deferred income tax assets requires the Group to make significant assumptions related to expectations of future taxable income. Estimates of future taxable income are based on forecast cash flows from operations and the application of existing tax laws in each jurisdiction. To the extent that future cash flows and taxable income differ significantly from estimates, the ability of the Group to realise the net deferred tax assets recorded at the reporting date could be impacted. Additionally, future changes in tax laws in the jurisdictions in which the Group operates could limit the ability of the Group to obtain tax deductions in future periods.

Notes to the consolidated financial statements for the year ended 31 December 2024 (continued)

5 Acquisition under IFRS 3 - Business Combinations

Effective 7 June 2024, Presight AI LTD ('accounting acquirer') acquired 51% equity interest in Matrix JVCO Ltd ('AIQ') ('accounting acquiree') through a special purpose vehicle, for a consideration of AED 1,285,376 thousand. AIQ is a limited liability company registered and incorporated in the Emirate of Abu Dhabi and is engaged in designing oil and natural gas fields production software, including designing and programming databases, electronic chips and computer systems, information technology consultancy and onshore and offshore oil and gas fields and facilities services. AIQ's objective is to develop globally market disruptive advanced analytics and digital and artificial intelligence-enabled oil and gas value chain products and services for the purpose of licensing to customer. This transaction qualified as a business acquisition as defined under IFRS 3 - Business Combinations and was accounted for using the acquisition method.

The amounts recognised in respects of the identifiable net assets transferred are as set out in the table below:

Particular	**2024 AED'000**
Property and equipment (note 6)	**1,113**
Right-of-use assets (note 8)	**12,356**
Intangible assets, net (note 7)	**51,412**
Customer contracts (note 7)	**254,137**
Contract assets	**302,705**
Trade and other receivables	**6,012**
Cash and bank balances	**9,208**
Due from related party	**11,174**
Lease liabilities	**(16,207)**
Trade and other payables	**(14,351)**
Contract liability	**(8,807)**
Due to related parties	**(124,772)**
Deferred tax liabilities	**(22,872)**
Non-controlling interests (note 18)	**(225,942)**
Carrying value of net assets acquired	**235,166**
Goodwill (refer note 7)	**1,050,210**
Total consideration	**1,285,376**
Satisfied by:	
Cash	**1,285,376**

Matrix JVCO LTD contributed an aggregate of AED 459,694 thousand to the Group's revenue and AED 186,539 thousand to the Group's profit after tax for the period between the date of acquisition and the reporting date as at 31 December 2024.

Notes to the consolidated financial statements for the year ended 31 December 2024 (continued)

6 Property and equipment

	Motor vehicle AED'000	Furniture and fittings AED'000	Computer and equipment AED'000	Capital work-in-progress AED'000	Total AED'000
Cost					
At 1 January 2023	308	498	27,071	973	28,850
Additions	-	29	1,702	383	2,114
Transfers from capital work-in-progress	-	340	598	(938)	-
At 1 January 2024	308	867	29,371	418	30,964
Acquired on business combination (note 5)	-	-	1,113	-	1,113
Additions	-	331	11,250	6,380	17,961
Transfers from capital work-in-progress	-	-	946	(946)	-
At 31 December 2024	**308**	**1,198**	**42,680**	**5,852**	**50,038**
Accumulated depreciation					
At 1 January 2023	217	267	24,901	-	25,385
Charge for the year	8	104	1,643	-	1,755
At 1 January 2024	225	371	26,544	-	27,140
Charge for the year	83	233	2,352	-	2,668
At 31 December 2024	**308**	**604**	**28,896**	**-**	**29,808**
Carrying amount					
At 31 December 2024	**-**	**594**	**13,784**	**5,852**	**20,230**
At 31 December 2023	83	496	2,827	418	3,824

The cost of fully depreciated assets as at 31 December 2024 amounts to AED 24,145 thousand (2023: AED 23,477 thousand).

Notes to the consolidated financial statements for the year ended 31 December 2024 (continued)

7 Intangible assets and goodwill

	Goodwill AED'000	Customer contracts AED'000	Computer software and licenses AED'000	Developed software AED'000	Capital work-in-progress AED'000	Total AED'000
Cost						
At 1 January and 31 December 2023	-	-	26,646	-	-	26,646
Additions	-	-	28,003		3,739	31,742
Acquired on business combination (note 5)	1,050,210	254,137	-	104,793	6,603	1,415,743
Transfers from capital work-in-progress	-	-	-	2,311	(2,311)	-
At 31 December 2024	**1,050,210**	**254,137**	**166,045**	**107,104**	**3,739**	**1,474,131**
Accumulated depreciation						
At 1 January 2023	-	-	26,516	-	-	26,516
Charge for the year	-	-	53	-	-	53
At 1 January 2024	-	-	26,569	-	-	26,569
Charge for the year	-	5,930	7,601	11,808	-	25,339
Acquired on business combination (note 5)	-	-	-	59,984	-	59,984
At 31 December 2024	**-**	**5,930**	**34,170**	**71,792**	**-**	**111,892**
Carrying amount						
At 31 December 2024	**1,050,210**	**248,207**	**20,479**	**35,312**	**3,739**	**1,362,239**
At 31 December 2023	-	-	77	-	-	77

An intangible asset of AED 254,137 thousand has been recognised as a result of the acquisition of Matrix JVCO Ltd ("AIQ") on 7 June 2024 (note 5), which comprises of customer contracts.

Goodwill of AED 1,050,210 thousand arising from the above acquisition comprises largely the value of expected synergies arising from the acquisition, which are not separately recognised.

The fair value measurement is based on significant inputs that are not observable in the market, which IFRS 13 "Fair Value Measurement" refers to as level 3 inputs. The fair value estimate is based on:

• Assumed discount rates of 15.9% and 25.3% for identified intangible assets and goodwill, respectively; and
• A terminal value calculated based on long-term sustainable growth rate for the industry of 2%, which has been used to determine income for the future years.

Notes to the consolidated financial statements
for the year ended 31 December 2024 (continued)

7 Intangible assets and goodwill (continued)

Capital work-in-progress mainly relates to manpower costs incurred on artificial intelligence projects that are in a development stage.

Amortisation charge for the year has been allocated in the consolidated statement of profit or loss as follows:

	2024	2023
	AED'000	AED'000
Direct cost (note 20)	**18,889**	-
General, administrative, and marketing expenses (note 21)	**6,450**	53
	25,339	53

8 Right-of-use assets

	Office premises	
	2024	2023
	AED'000	AED'000
Cost		
At 1 January	**41,322**	27,092
Acquired on business combination (note 5)	**12,356**	-
Additions	**-**	14,230
At 31 December	**53,678**	41,322
Accumulated depreciation		
At 1 January	**17,450**	8,107
Charge for the year	**10,906**	9,343
At 31 December	**28,356**	17,450
Carrying amount	**25,322**	23,872

The Group's right-of-use assets includes lease for office premises. The lease term is 2-5 years.

Amounts recognised in the consolidated statement of profit or loss:

	2024	2023
	AED'000	AED'000
Depreciation expense on right-of-use assets (note 21)	**10,906**	9,343
Interest expense on lease liabilities (note 15)	**1,156**	710
	12,062	10,053

Notes to the consolidated financial statements for the year ended 31 December 2024 (continued)

9 Trade and other receivables

	2024	2023
	AED’000	AED’000
Trade receivables	**650,776**	855,616
less: allowance for expected credit losses	**(15,781)**	(5,593)
	634,995	850,023
Advance to suppliers	**20,410**	36,430
Accrued interest income (note 12)	**29,815**	23,762
Retention receivable	**7,371**	-
Prepayments	**4,340**	480
Refundable deposits	**515**	1,689
Other receivables	**-**	473
	697,446	912,857

The movement in the allowance for expected credit losses during the year is as follows:

	2024	2023
	AED’000	AED’000
At 1 January	**5,593**	2,696
Charge for the year (note 21)	**10,188**	2,897
At 31 December	**15,781**	5,593

No interest is charged on outstanding trade receivables.

The Group measure the provision of expected credit loss for trade receivables at an amount equal to lifetime ECL. The expected credit losses on trade receivables are estimated using a loss rate, with 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. The expected credit loss on trade receivables is AED 15,781 thousand as at 31 December 2024 (31 December 2023: AED 5,593 thousand).

Trade receivables amounting to AED 629,977 thousand (2023: AED 864,705 thousand) pertains to related parties (note 11).

The Group has adopted a policy of dealing with only creditworthy counterparties. Adequate credit assessment is made before accepting an order for sale of services or goods from counterparty. Refer to ageing of trade receivables in note 30.

10 Contract assets

Contract assets mainly represent balances due from customers for software development, installation and support service contracts that arise when the Group receive payments from customers in line with a series of performance related milestones. The Group recognise a contract asset for any work performed in excess of amounts billed to the customer.

Any amount previously recognised as a contract asset is reclassified to trade receivables at the point at which it is invoiced to the customer. Payments are usually not due from the customers until either the services are complete or the respective milestones are achieved and therefore a contract asset is recognised over the period in which the services are performed to represent the Group's right to consideration for the services transferred to date. All the contract assets that are expected to be realised within one year are classified under current assets. The expected credit loss on contract assets is AED 3,067 thousand as at 31 December 2024 (31 December 2023: AED 3,067 thousand).

Contract assets of AED 784,911 thousand (2023: AED 971,388 thousand) pertain to related parties (note 11).

Carrying amount of contract assets is as follows:

	2024 **AED'000**	2023 AED'000
Contract assets	**1,164,043**	1,015,801
Less: expected credit loss allowance	**(3,067)**	(3,067)
	1,160,976	1,012,734

The contract assets are classified as follows in the consolidated statement of financial position:

	2024 **AED'000**	2023 AED'000
Non-current	**39,902**	-
Current	**1,121,074**	1,012,734
	1,160,976	1,012,734

11 Related party transaction and balances

Related parties, as defined in International Accounting Standard 24: *Related Party Disclosures* include associate companies, major shareholders, directors and other key management personnel of the Group, and entities controlled, jointly controlled or significantly influenced by such parties. Management approves prices and terms of payment for these transactions and these are carried out at mutually agreed rates.

The Group, in the ordinary course of business, enter into transactions, with other business enterprises or individuals that fall within the definition of related parties contained in International Accounting Standard 24. The Group has a related party relationship with the Government of Abu Dhabi, directors and executive officers (including business entities over which they can exercise significant influence, or which can exercise significant influence over the Group).

Notes to the consolidated financial statements
for the year ended 31 December 2024 (continued)

11 Related party transaction and balances (continued)

The Parent is partially owned by a Government of Abu Dhabi owned entity. The Group has elected to use the exemption under IAS 24 'Related Party Disclosures' for Government related entities on disclosing transactions and related outstanding balances with government related parties owned by the Government of Abu Dhabi and entities it owns and controls. The Group provides services in the normal course of business to entities owned and controlled by the Government of Abu Dhabi.

The Group maintains significant balances with these related parties, which arise from commercial transactions.

Balances with related parties at the end of the reporting period comprise:

	2024 AED'000	2023 AED'000
Due from related parties:		
Entities under common control	**33,111**	26,973
Due to related parties:		
Entities under common control	**341,909**	342,144

Significant transactions with related parties in the consolidated statement of profit or loss include the following:

	2024 AED'000	2023 AED'000
Revenue (note 19)	**1,863,477**	1,738,440
Support services and manpower fee (i) (note 21)	**31,972**	42,063
Staff cost and allowances (ii) (notes 20 and 21)	**378,908**	217,798
Transfer of employees' end of service benefits (net) (note 14)	**3,460**	-
Sub-contractor costs and project consumables (note 20)	**402,934**	362,580
Dividend declared (note 23)	**-**	492,849
Marketing expense (note 21)	**28,707**	1,360

i. In accordance with an Inter-Group arrangement (the "Arrangement"), the Group's employees are legally under the sponsorship of an entity under common control (a "related party") and the related payroll costs (including end of service benefits) are recharged to the Group (note 20 and 21).
ii. Support services and manpower fee are paid by the Group for support and manpower services provided by an entity under common control (a "related party") in accordance with an Intra Group Services Agreement (the "Agreement") between the parties.

Notes to the consolidated financial statements
for the year ended 31 December 2024 (continued)

11 Related party transaction and balances (continued)

iii. Refer notes 9, 10, 12, 15, 16 and 17 for balances with related parties.
iv. Guarantees amounting to AED 1,427 thousand (2023: AED 1,427 thousand) are in the name of related parties but assigned for the benefit of the Group (note 28).
v. On 31 January 2023, the Company has declared a dividend amounting to AED nil (2023: AED 492,849 thousand). Further, on 15 December 2024 JTO Holding SPV Ltd (a "subsidiary") declared a dividend of AED 31,257 thousand (2023: AED 34,903 thousand) to its minority shareholder.

Compensation of key management personnel is as follows:

	2024	2023
Number of key management personnel	**8**	7
Short-term benefits (AED)	**15,136,676**	14,963,977
Long-term benefits (AED)	**388,661**	317,172

12 Bank balances

	2024 **AED'000**	2023 AED'000
Cash at bank - current accounts	**1,217,028**	142,727
Wakala deposits	**705,695**	1,473,417
Short-term deposits (i)	**17,225**	476,487
	1,939,948	2,092,631
Less: Fixed deposit - under lien	**(17,225)**	(16,343)
Cash and cash equivalents for the purpose of cash flows	**1,922,723**	2,076,288

(i) The wakala deposits carry profit rates at prevailing market rates. Short-term deposits include a fixed deposit amounting to AED 17,225 thousand with an original maturity of 12-months and is held under lien as security for a bank guarantee (2023: AED 16,343 thousand).

The Group's bank balances are part of a cash pooling facility arrangement (the "Arrangement") where all balances at the end of the day are transferred to the bank account of the Company at the end of the day.

Cash at bank and short-term deposit of AED 1,234,252 thousand (31 December 2023: AED 602,873 thousand) pertain to banks which are a related party (note 11).

Balances with banks are assessed to have low credit risk of default since these banks are highly regulated by the central bank of the UAE. Accordingly, management of the Group estimates the loss allowance on balances with banks at the end of the reporting period at an amount equal to 12-month ECL.

Notes to the consolidated financial statements for the year ended 31 December 2024 (continued)

12 Bank balances (continued)

None of the balances with 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 bank, the management of the Group have assessed that there is no impairment, and hence have not recorded any loss allowances on these balances.

13 Share capital

	2024	2023
	AED'000	AED'000
Issued and fully paid:		
5,608,680 thousand ordinary shares of AED 0.10 each (31 December 2023: 5,608,680 thousand ordinary shares of AED 0.10 each)	**560,868**	560,868

On 16 February 2023, the Company's Board of Directors resolved to increase the share capital of the Company from AED 184 thousand dividend into 1,836 thousand shares of AED 0.10 each to AED 560,868 thousand divided into 5,608,680 thousand shares of AED 0.10 each. The Board further resolved to allot 4,204,674 thousand shares of AED 0.10 each to the existing shareholder and 42,490 thousand shares of AED 0.10 each to other shareholder (an "entity under common control").

On 3 March 2023, pursuant to the public offering approved by the Securities and Commodities Authority, the Company offered the remaining 1,359,680 thousand shares of AED 0.10 each for public subscription on the Abu Dhabi Securities Exchange. The Company's offer price was set at AED 1.34 per share and was fully subscribed on 27 March 2023, resulting in a share premium of AED 1,686,001 thousand. Share issue costs amounted to AED 6,049 thousand which have been off set against the share premium.

14 Employees' end of service benefits

The movement in the provision for employees' end of service benefits is as follows:

	2024	2023
	AED'000	AED'000
At 1 January	**14,436**	8,095
Charge for year	**4,052**	7,125
Transfer from a related party (note 11)	**3,460**	-
Payments during the year	**(867)**	(784)
At 31 December	**21,081**	14,436

In accordance with an Inter-Group arrangement (the "Arrangement"), the Group's employees are legally under the sponsorship of an entity under common control (a "related party") and the related payroll costs (including end of service benefits) are recharged to the Group (note 11).

Notes to the consolidated financial statements
for the year ended 31 December 2024 (continued)

15 Lease liabilities

The movement in the lease liabilities is as follows:

	2024 AED'000	2023 AED'000
At 1 January	**28,664**	19,717
Additions	**-**	14,230
Acquired on business combination (note 5)	**16,207**	-
Accretion of interest	**1,156**	710
Payments made during the year	**(13,297)**	(5,993)
At 31 December	**32,730**	28,664

Lease liabilities are classified as follows in the consolidated statement of financial position:

	2024 AED'000	2023 AED'000
Current	**20,157**	9,329
Non-current	**12,573**	19,335
	32,730	28,664

The Group does not face a significant liquidity risk with regard to their lease liabilities. Lease liabilities are monitored within the Parent's treasury function.

Maturity analysis

	2024 AED'000	2023 AED'000
Within one year	**22,877**	9,328
Between 1 to 5 years	**11,229**	20,749
	34,106	30,077
Less: accretion of interest	**(1,376)**	(1,413)
	32,730	28,664

Lease liabilities of AED 28,656 thousand (2023: AED 24,590 thousand) pertain to related parties (note 11).

Notes to the consolidated financial statements for the year ended 31 December 2024 (continued)

16 Trade and other payables

	2024	2023
	AED'000	AED'000
Trade payables	**145,039**	167,010
Project and other accruals	**486,034**	346,881
Provision for bonus	**55,586**	43,176
VAT payable (net)	**31,656**	19,350
Provision for leave salary	**3,816**	1,529
Other payables	**9,539**	613
	731,670	578,559

The Group has financial risk management policies in place to ensure that all payables are paid within credit period. No interest is charged on other payables.

Trade and other payables amounting to AED 1,255 thousand (2023: AED 53,832 thousand) pertains to related parties (note 11).

17 Contract liabilities

	2024	2023
	AED'000	AED'000
Contract liabilities	**170,035**	57,929

The contract liabilities primarily relate to advance received from or billed to the customers for services to be rendered in 2025. Contract liabilities amounting to AED 118,511 thousand (2023: AED 26,167 thousand) pertain to related parties (note 11).

18 Non-controlling interest

Non-controlling interest represents the minority shareholder's proportionate share in the aggregate value of the net assets of the subsidiaries, JTO Holding SPV Ltd, Intellibrain Technological Projects LLC and Matrix JVCO LTD, and the results of the subsidiaries' operations.

Movement during the year is as follows:

	2024	2023
	AED'000	AED'000
At 1 January	**83,105**	117,514
Acquisition of a subsidiary (note 5)	**225,942**	-
Share of profit for the year	**88,723**	494
Dividends (note 23)	**(31,257)**	(34,903)
	366,513	83,105

Notes to the consolidated financial statements for the year ended 31 December 2024 (continued)

18 Non-controlling interest (continued)

The summarised financial information shown below for material subsidiaries is on a 100 percent basis. It represents the amounts shown in subsidiaries' financial statements prepared in accordance with IFRS under the Group accounting policies, and before intercompany elimination.

	Matrix JVCO Ltd*		JTO Holding SPV Ltd	
	2024	2023	**2024**	2023
	AED'000	AED'000	**AED'000**	AED'000
Non-controlling interest (%)	**49%**	-	**40%**	40%
Revenue	**459,694**	-	-	1,285
Profit/(loss) for the year	**181,143**	-	**(94)**	1,235
- attributable to owners of the Company	**92,383**	-	**(57)**	741
- attributable to the non-controlling interest	**88,760**	-	**(37)**	494
Other comprehensive income	-	-	-	-
Total comprehensive income for the year	**181,143**	-	**(94)**	1,235

	Matrix JVCO Ltd*		JTO Holding SPV Ltd	
	2024	2023	**2024**	2023
	AED'000	AED'000	**AED'000**	AED'000
Non-current assets	**308,960**	-	-	-
Current assets	**662,315**	-	**143,711**	207,786
Non-current liabilities	**(27,990)**	-	-	-
Current liabilities	**(301,939)**	-	**(13,080)**	(23)
Net assets	**641,346**	-	**130,631**	207,763
Attributable to:				
- Owners of the Company	**327,086**	-	**78,379**	124,658
- Non-controlling interest	**314,260**	-	**52,253**	83,105
Net assets	**641,346**	-	**130,632**	207,763

* For Matrix JVCO Ltd, refer note 5.

19 Revenue

The Group derives its revenue from contracts with customers for the transfer of goods and services over time as follows:

Revenue from contracts with customers	2024 AED'000	2023 AED'000
Revenue recognised over time		
Revenue from project services	**1,979,880**	1,742,995
Revenue recognised at point in time		
Revenue from sale of hardware and software licenses	**233,133**	37,564
	2,213,013	1,780,559

	2024 AED'000	2023 AED'000
Revenue by geographical markets:		
Within UAE	**1,704,778**	1,632,940
Outside UAE	**508,235**	147,619
	2,213,013	1,780,559

Revenue amounting to AED 1,863,477 thousand (2023: AED 1,738,440 thousand) pertains to related parties (note 11).

The transaction price allocated to (partially) unsatisfied performance obligations at 31 December are as setout below.

	2024 AED'000	2023 AED'000
Within one year	**1,684,396**	1,022,466
More than one year	**1,308,455**	602,120
Revenue from project services	**2,992,851**	1,624,586

Notes to the consolidated financial statements for the year ended 31 December 2024 (continued)

20 Direct costs

	2024 **AED'000**	2023 AED'000
Sub-contractor costs and project consumable (i)	**974,739**	955,378
Staff costs and allowances (ii) (note 11)	**216,612**	149,010
Amortization of intangible assets (note 7)	**18,889**	-
Other direct costs	**61,645**	18,158
	1,271,885	1,122,546

(i) Sub-contractor costs and project consumables include an amount of AED 402,934 thousand (2023: AED 362,580 thousand) pertaining to related parties (note 11).

(ii) In accordance with an Inter-Group arrangement (the "Arrangement"), the Group's employees are legally under the sponsorship of an entity under common control (a "related party") and the related payroll costs (including end of service benefits) are recharged to the Group (note 11).

21 General, administrative and marketing expenses

	2024 **AED'000**	2023 AED'000
Staff costs and allowances (ii) (note 11)	**162,296**	68,788
Support services and manpower fee* (note 11)	**31,972**	42,063
Marketing expense (i)	**67,211**	7,773
Professional fees	**19,359**	8,097
Depreciation of right-of-use assets (note 8)	**10,906**	9,343
IT expenses	**10,956**	881
Provision for expected credit loss, net (note 9)	**10,188**	2,897
Amortisation of intangible assets (note 7)	**6,450**	53
Transport and travel	**5,762**	3,505
Bank charges and other finance cost	**4,529**	3,272
Subcontracting costs	**3,408**	3,379
Depreciation of property and equipment (note 6)	**2,668**	1,755
Other expenses (iii)	**10,096**	10,412
	345,801	162,218

*Support services and manpower fee are paid by the Group for support and manpower services provided by a related party in accordance with an Intra Group Services Agreement (the "Agreement") between the parties (note 11).

(i) Included in marketing expense is an amount of AED 28,707 thousand (2023: AED 1,360 thousand) pertaining to related parties (note 11).

21 General, administrative and marketing expenses (continued)

(ii) In accordance with an Inter-Group arrangement (the “Arrangement”), the Group’s employees are legally under the sponsorship of an entity under common control (a “related party”) and the related payroll costs (including end of service benefits) are recharged to the Group (note 11).

(iii) During the year, the Group has recorded a grant amounting to AED 60,742 thousand against the related expenditure (note 24).

22 Finance income

	2024	2023
	AED’000	AED’000
Interest income on short term deposits	**78,260**	74,807

23 Dividend

On 16 January 2024, JTO Holding SPV Ltd (a “subsidiary”) declared a dividend of AED 17,892 thousand to its minority shareholder.

On 15 December 2024, JTO Holding SPV Ltd (a “subsidiary”) declared a further dividend of AED 13,365 thousand to its minority shareholder (31 December 2024: AED 34,903 thousand).

24 Grant

During the year, the Group entered into an agreement with Group 42 Holding Limited (a 'shareholder'), under which it recognized a grant amounting to AED 60,742 thousand representing reimbursement of expenditure for infrastructure upgrades (note 21 (iii)). As of 31 December 2024, there are no unfulfilled conditions or contingencies associated with the grant.

25 Profit for the year

Profit for the year is arrived at after charging:

	2024	2023
	AED’000	AED’000
Staff cost and allowances (notes 20 and 21)	**378,908**	217,798
Depreciation and amortisation (note 6, 7 and 8)	**38,913**	11,151

Notes to the consolidated financial statements
for the year ended 31 December 2024 (continued)

26 Income tax

	2024 AED'000	2023 AED'000
Consolidated statement of profit or loss:		
Current income tax charge	**61,324**	-
Deferred tax credit/charge	**(533)**	-
Tax expense reported in the statement of profit or loss	**60,791**	-

The charge for the year can be reconciled to the profit before tax as follows:

	2024 AED'000	2023 AED'000
Accounting profit before tax	**673,587**	-
UAE corporate income tax of 9%	**60,623**	-
Exempt income upto AED 375,000 at 9% tax rate for tax group entities	**(68)**	-
Tax impact of consolidation adjustments	**533**	-
Others	**236**	-
Current income tax charge	**61,324**	-

Deferred tax

Movement in the deferred tax during the year is as follows:

	2024 AED'000	2023 AED'000
Recognized on customer contracts under Business Combination (note 5)	**22,872**	-
Deferred tax credit on amortization for the year	**(533)**	-
At 31 December	**22,339**	-

On 9 December 2022, the UAE Ministry of Finance released Federal Decree-Law No. 47 of 2022 on the Taxation of Corporations and Businesses (Corporate Tax Law or the Law) to enact a Federal Corporate Tax (CT) regime in the UAE. The CT regime is effective for accounting periods beginning on or after 1 June 2023.

Notes to the consolidated financial statements
for the year ended 31 December 2024 (continued)

26 Income tax (continued)

Decision No. 116 of 2022 (published in December 2022 and considered to be effective from 16 January 2023) specifies that taxable income not exceeding AED 375,000 would be subject to a 0% UAE CT rate, and taxable income exceeding AED 375,000 would be subject to the 9% UAE CT rate. With the publication of this Decision, the UAE CT Law is considered to have been substantively enacted for the purposes of accounting for Income Taxes.

Subsequently, the UAE CT Law has been supplemented by a number of Decisions of the Cabinet of Ministers of the UAE (Decisions). Such Decisions and other interpretive guidance of the UAE Federal Tax Authority provide important details relating to the interpretation of the UAE CT Law and are required to fully evaluate the impact of the UAE CT Law on the Company.

The taxable income of the Group for UAE CT purposes will be subject to the rate of 9% corporate tax. Based on the management's assessment it is not currently foreseen that the Group's UAE operations will be subject to the application of the Global Minimum Tax rate of 15% for the financial year ended 31 December 2024. The application is dependent on the implementation of Base Erosion Profit Shifting (BEPS 2) - Pillar Two rules by the countries where the Group operates and the enactment of Pillar Two rules by the UAE MoF.

27 Basic and diluted earnings per share

Basic earnings per share amounts are calculated by dividing the profit attributable to shareholders of the Company by the weighted average number of ordinary shares outstanding during the year.

The following reflects the income and share data used in the earnings per share computations:

	2024	2023
Profit attributable to owners of the Company (AED '000)	**524,073**	570,108

The following reflects the calculation of weighted average number of shares for the purpose of basic earnings per share computations:

	2024	2023
Weighted average number of shares in issue	**5,608,680,000**	4,756,783,199
Earnings per share (AED)	**0.09**	0.12

The Group does not have potentially dilutive shares and accordingly, diluted earnings per share is equal to basic earnings per share.

**Notes to the consolidated financial statements
for the year ended 31 December 2024 (continued)**

28 Contingent liabilities and commitments

The Group has the following contingent liabilities and commitments outstanding at 31 December:

	2024	2023
	AED'000	AED'000
Guarantees	**446,009**	368,719

The guarantees were issued in the normal course of business.

Guarantees amounting to AED 1,427 thousand (2023: AED 1,427 thousand) are in the name of related parties but assigned for the benefit of the Group (note 11).

29 Segment information

IFRS 8 *Operating Segments* requires operating segments to be identified on the basis of internal reports about components of the Group that are regularly reviewed by the chief operating decision maker in order to allocate resources to the segment and to assess its performance.

The operations of the Group are limited to one segment viz. artificial intelligence, machine learning, data analytics and hosting. The products and services being sold under this segment are of similar nature.

The Group's chief operating decision maker reviews the internal management reports prepared based on aggregation of financial information for all entities in the Group (adjusted for intercompany eliminations, adjustments etc.) on a periodic basis, for the purpose of allocation of resources and evaluation of performance. Accordingly, management has identified the above segment as the only operating segment for the Group.

30 Financial instruments

Material accounting policy information

Details of the material accounting policy information and methods adopted including the criteria for recognition for the basis of measurement in respect of each class of financial assets and financial liabilities are disclosed in note 3 to the consolidated financial statements.

All financial assets and liabilities are carried at amortised cost and management consider that the carrying amounts of financial assets and financial liabilities recognised in the consolidated financial statements approximate their fair values.

Capital risk management

The Group manages its capital to ensure it is able to continue as a going concern while maximising the return on equity. The Group do not have a formalised optimal target capital structure or target ratios in connection with its capital risk management objectives.

Notes to the consolidated financial statements for the year ended 31 December 2024 (continued)

30 Financial instruments (continued)

Financial risk management objectives

The Group's finance department monitors and manages the financial risks relating to the operations of the Group. These risks include credit risk and liquidity risk. The Group do not enter into or trade in derivative financial instruments for speculative or risk management purposes. The main risk arising from the Group's financial instruments are liquidity risk, market risk and credit risk.

Foreign currency risk management

Currency risk is the risk that the value of a financial instrument will fluctuate due to changes in foreign exchange rates. The Group do not have a significant exposure to currency risk as majority of its monetary assets and liabilities are denominated in USD or AED which is pegged to USD.

Market risk management

Market risk is the risk that changes in market prices, such as foreign exchange rates will affect the Group's income or the value of its holdings of financial instruments.

Credit risk management

Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in financial loss to the Group. As at 31 December 2024 and 2023, the Group's maximum exposure to credit risk without taking into account any collateral held or other credit enhancements, which will cause a financial loss to the Group due to failure to discharge an obligation by the counterparties and financial guarantees provided by the Group arises from the carrying amount of the respective recognised financial assets as stated in the consolidated statement of financial position.

In order to minimise credit risk, the management develops and maintains the Group's credit risk gradings to categorise exposures according to their degree of risk of default. The Group's exposure and the credit ratings of its counterparties are continuously monitored and the aggregate value of transactions concluded is spread amongst approved counterparties.

The tables below detail the credit quality of the Group's financial assets and contract assets, as well as the Group's maximum exposure to credit risk by credit risk rating grades:

31 December 2024	Notes	External credit ratings	Internal credit ratings	12 month or lifetime ECL	Gross carrying amount AED'000	Loss allowance AED'000	Net carrying amount AED'000
Trade receivables	9	N/A	(i)	Lifetime ECL	**650,776**	**(15,781)**	**634,995**
Retention receivable	9	N/A	(i)	Lifetime ECL	**7,371**	**-**	**7,371**
Refundable deposits	9	N/A	(i)	Lifetime ECL	**515**	**-**	**515**
Contract assets	10	N/A	(i)	Lifetime ECL	**1,164,043**	**(3,067)**	**1,160,976**
Due from related parties	11	N/A	(i)	Lifetime ECL	**33,111**	**-**	**33,111**
Bank balances	12	AA-	N/A	12 months ECL	**1,939,948**	**-**	**1,939,948**

Notes to the consolidated financial statements for the year ended 31 December 2024 (continued)

30 Financial instruments (continued)

Credit risk management (continued)

31 December 2023	Notes	External credit ratings	Internal credit ratings	12 month or lifetime ECL	Gross carrying amount AED'000	Loss allowance AED'000	Net carrying amount AED'000
Trade receivables	9	N/A	(i)	Lifetime ECL	855,616	(5,593)	850,023
Refundable deposits	9	N/A	(i)	Lifetime ECL	1,689	-	1,689
Contract assets	10	N/A	(i)	Lifetime ECL	1,015,801	(3,067)	1,012,734
Due from related parties	11	N/A	(i)	Lifetime ECL	26,973	-	26,973
Bank balances	12	AA-	N/A	12 months ECL	2,092,631	-	2,092,631

(i) For trade receivables, refundable deposits, contract assets and due from related parties, the Group has applied the simplified approach in IFRS 9 to measure the loss allowance at lifetime ECL. The Group determine the expected credit losses on these items by using a loss rate, estimated based on historical credit loss experience based on the past due status of the debtors, adjusted as appropriate to reflect current conditions and estimates of future economic conditions.

Below is the information about the credit risk exposure on the Group's trade receivables:

	Days past due				
	Up to 30 days AED'000	**31-60 days AED'000**	**61-90 days AED'000**	**Over 90 days AED'000**	**Total AED'000**
31 December 2024					
Estimated total gross carrying amount at default	**341,292**	**2,987**	**3,848**	**302,649**	**650,776**
Expected credit losses	**-**	**-**	**-**	**(15,781)**	**(15,781)**
	341,292	**2,987**	**3,848**	**286,868**	**634,995**

	Days past due				
	Up to 30 days AED'000	31-60 days AED'000	61-90 days AED'000	Over 90 days AED'000	Total AED'000
31 December 2023					
Estimated total gross carrying amount at default	582,522	13,348	72,411	187,335	855,616
Expected credit losses	-	-	-	(5,593)	(5,593)
	582,522	13,348	72,411	181,742	850,023

Notes to the consolidated financial statements for the year ended 31 December 2024 (continued)

30 Financial instruments (continued)

Credit risk management (continued)

Concentration of credit risk arise when a number of counterparties are engaged in similar business activities, or activities in the same geographic region, or have similar economic features that would cause their ability to meet contractual obligations to be similarly affected by changes in economic, political or other conditions. Concentration of credit risk indicates the relative sensitivity of the Group's performance to developments affecting a particular industry or geographic location. Its 1 largest customer accounts for 99% of outstanding trade receivables at 31 December 2024 (2023: 99%). Management believes that the concentration of credit risk is mitigated by high credit rating and financial stability of its trade customers.

Liquidity risk management

Liquidity risk is the risk that the Group will be unable to meet its funding requirements. The ultimate responsibility for liquidity risk management rests with the Management, who has built an appropriate liquidity risk management framework for the management of the Group's short, medium and long-term funding and liquidity management requirements. The Group manages liquidity risk by maintaining adequate reserves by continuously monitoring forecast and actual cash flows and matching the maturity profiles of financial assets and liabilities.

The contractual maturities of the financial instruments, determined based on the remaining period at the end of the reporting period to the contractual maturity date, are as follows:

	Current less than 1 year AED'000	**Non-current greater than 1 year AED'000**
31 December 2024		
Trade and other payables (excluding provisions) (note 16)	**672,268**	**-**
Lease liabilities (note 15)	**20,157**	**12,573**
Due to related parties (note 11)	**341,909**	**-**
	1,034,334	**12,573**

	Current less than 1 year AED'000	Non-current greater than 1 year AED'000
31 December 2023		
Trade and other payables (excluding provisions) (note 16)	533,854	-
Lease liabilities (note 15)	9,329	19,335
Due to related parties (note 11)	342,144	-
	885,327	19,335

Notes to the consolidated financial statements for the year ended 31 December 2024 (continued)

30 Financial instruments (continued)

Fair value of financial assets and liabilities

The fair values of financial assets and liabilities approximate their carrying amounts as stated in the consolidated statement of financial position.

31 Comparative figures

Certain comparative figures have been reclassified, where necessary, to conform to the current year presentation of the notes to the consolidated financial statements. The reclassifications did not have an impact on the consolidated statement of financial position as at 31 December 2023, consolidated statement of profit or loss and other comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the year ended 31 December 2023.

32 Authorisation of the consolidated financial statements

These consolidated financial statements were approved by management and authorised for issue on 10 February 2025.