



مجموعة إيثكا
ITHCA GROUP



ITHCA GROUP
Annual Report
2023





Revolution of Things

Content



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“Our government will follow up progress in various sectors, including small and medium enterprises, and entrepreneurship, particularly those based on innovation, artificial intelligence, and advanced technology.

This is in addition to training and enabling youth to benefit from the opportunities made available in this vital sector, so that it could form a cornerstone in the national economy.”

**His Majesty Sultan
Haitham bin Tarik**
February 23, 2020

Board of Directors

ITHCA Group is overseen by a visionary Board of Directors who mentors and supports the management team in achieving outstanding and long-term results while maintaining the highest professional and ethical standards.

The Board of Directors is dedicated to enhancing value for all stakeholders and is made up of notable public and private sector professionals who contribute high-quality expertise in areas such as general management, strategic planning, ICT sector, investments, accounting, auditing, and governance.



Eng. Atif Said Al Siyabi
Chairman



**Dr. Yousuf Abdullah
Al Bulushi**
Deputy Chairman



**Wafaa Ahmed
Al Amri**
Member



**Dr. Saoud Hamid
Al Shoali**
Member



**Mr. Said Mohammed
AL Aafi**
Member



**Mr. Sulaiman
Khamis Al Rawahi**
Member



**Mr. Almutasim
Said Al Sariri**
Member

Executive Management Team

The executive management team at ITHCA Group consists of experienced and highly qualified leaders, bringing extensive experience in strategic planning, investments, technologies, corporate finance, and governance.

The leadership team is committed to increasing value for all stakeholders and embodies towards achieving company's goals and objectives and overall vision and mission.



Eng. Said Al Mandhari
Group CEO



Dominique Reverdy
Group Executive
Advisor, Finance



Dr. Bader Al Manthari
Vice President
Strategy



Dubravko Horvatic
Group Executive
Advisor, Strategy



Talib Al Rashdi
Group Director
Governance and
Corporate Relation



Ameer Al Alawi
Group Director
Investment and
Business Development



Yasser Al Rashdi
Group Director
Finance

A Word from the Chairman



The year 2023 witnessed the significant impact of digital technologies on various aspects and economic sectors in the Sultanate of Oman. The information and communication technology sector emerged as a key driver of growth, supported by Oman Vision 2040 and its focus on digital transformation.

ITHCA Group continued to invest in emerging technologies, with a particular focus on Internet of Things and high-performance cloud services. We believe these technologies will play a pivotal role in the Revolution of Things, opening up new horizons for the Omani economy.

We recognize the importance of innovation and remain committed to supporting entrepreneurs and small and medium-sized enterprises in the technology sector, believing that investing in Omani youth and developing their technical skills is key to future success.

ITHCA Group continues to contribute to the development of the information and communication technology sector in Oman and enhancing its role in building a knowledge society.

With our continued focus on innovation and development, we look forward to playing a leading role in the Revolution of Things and achieving further successes in the years to come.

Eng. Atif Said Al Siyabi
Chairman

A Word from the CEO



In 2023, ITHCA Group made significant progress in enhancing the information and communication technology sector in the Sultanate of Oman. We have worked hard to make Oman a center for innovation and opportunities by investing in new emerging technologies and supporting entrepreneurs.

ITHCA Group continued its investments in emerging technologies, such as the Internet of Things, artificial intelligence, big data, 3D printing, and semiconductor design. We believe these technologies will play a pivotal role in the Revolution of Things, opening up new horizons for the Omani economy through investing in and empowering Omani youth.

We are committed to fostering innovation and remain dedicated to supporting entrepreneurs and SMEs in the tech sector, providing them with the tools and opportunities needed for growth and success.

ITHCA Group has sought to expand its business scope in new markets through strategic partnerships with leading global technology companies. We aim to make Oman a regional hub for information and communication technology.

We eagerly anticipate continuing our leadership in the Revolution of Things and achieving even greater milestones in the coming years.

We believe that collaboration between the public and private sectors has a significant impact on achieving the vision of Oman 2040.

Eng. Said Al Mandhari
Group CEO

About ITHCA Group



ITHCA Group (formerly known as Oman Information and Communication Technologies Group) was established in 2019. The Company is a closed Omani joint stock company registered since 11 December 2018 in accordance with the Commercial Companies Law in the Sultanate of Oman and is wholly owned by the Oman Investment Authority to be an investment arm of the government in partnership with the private sector. The main activity of the Company is to promote investment operations in the digital economy and emerging technologies such as artificial intelligence, internet of things, smart cities, huge data, blockchain and other modern technologies.



Vision

To be a driving force in propelling Oman's ICT sector



Mission

Contributing to Oman's economic diversification and sustainable growth

by unlocking the full potential of ICT, through strategic investments, partnerships and fostering talents.

These four strategic objectives are aligned with the approved vision and mission



Investments should be financially sustainable (not necessarily best possible financial returns)



Investments should have an emerging technology focus



ITHCA Group should actively pursue synergies between different parts of the ecosystem, and pursue growth opportunities

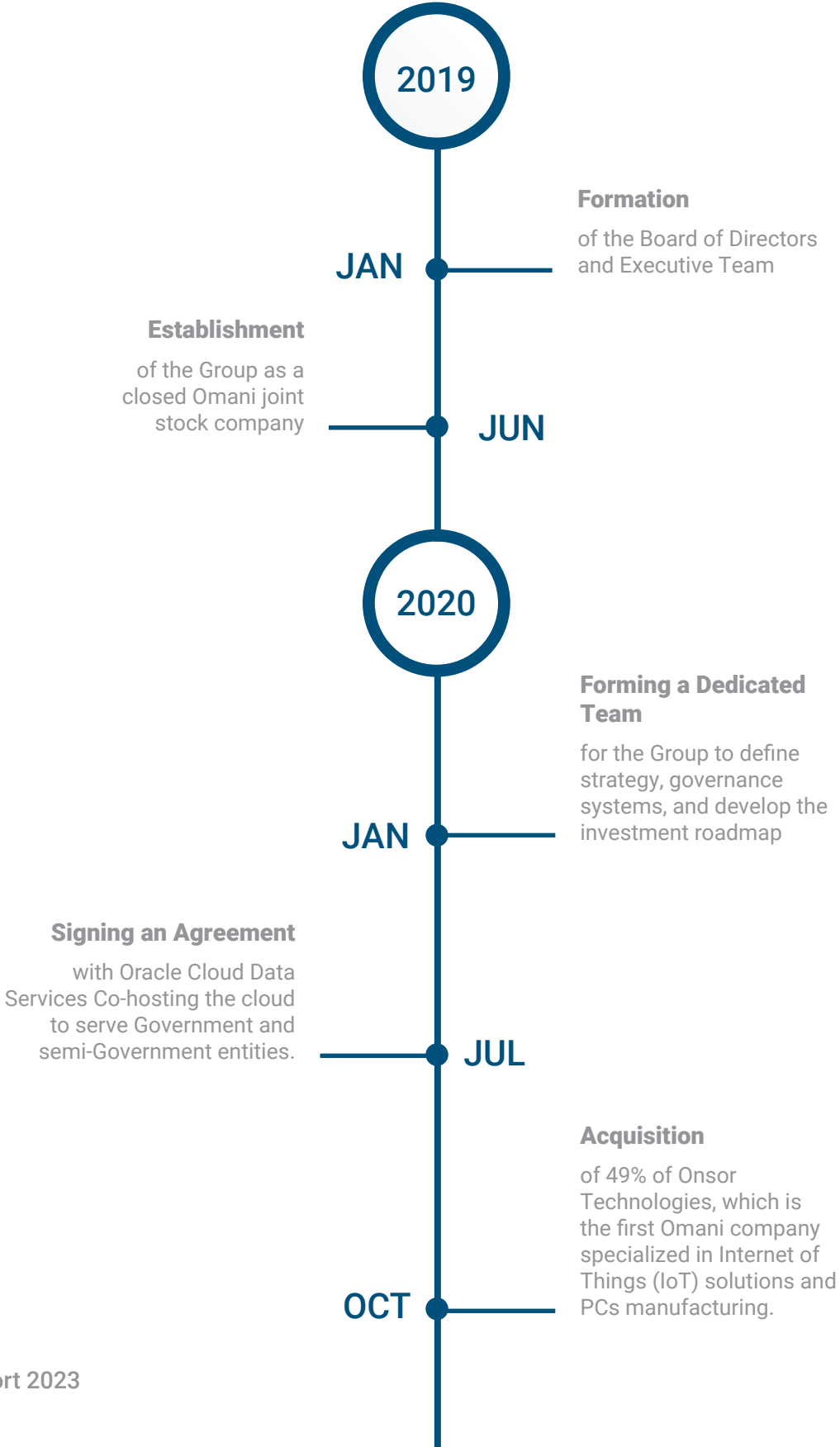


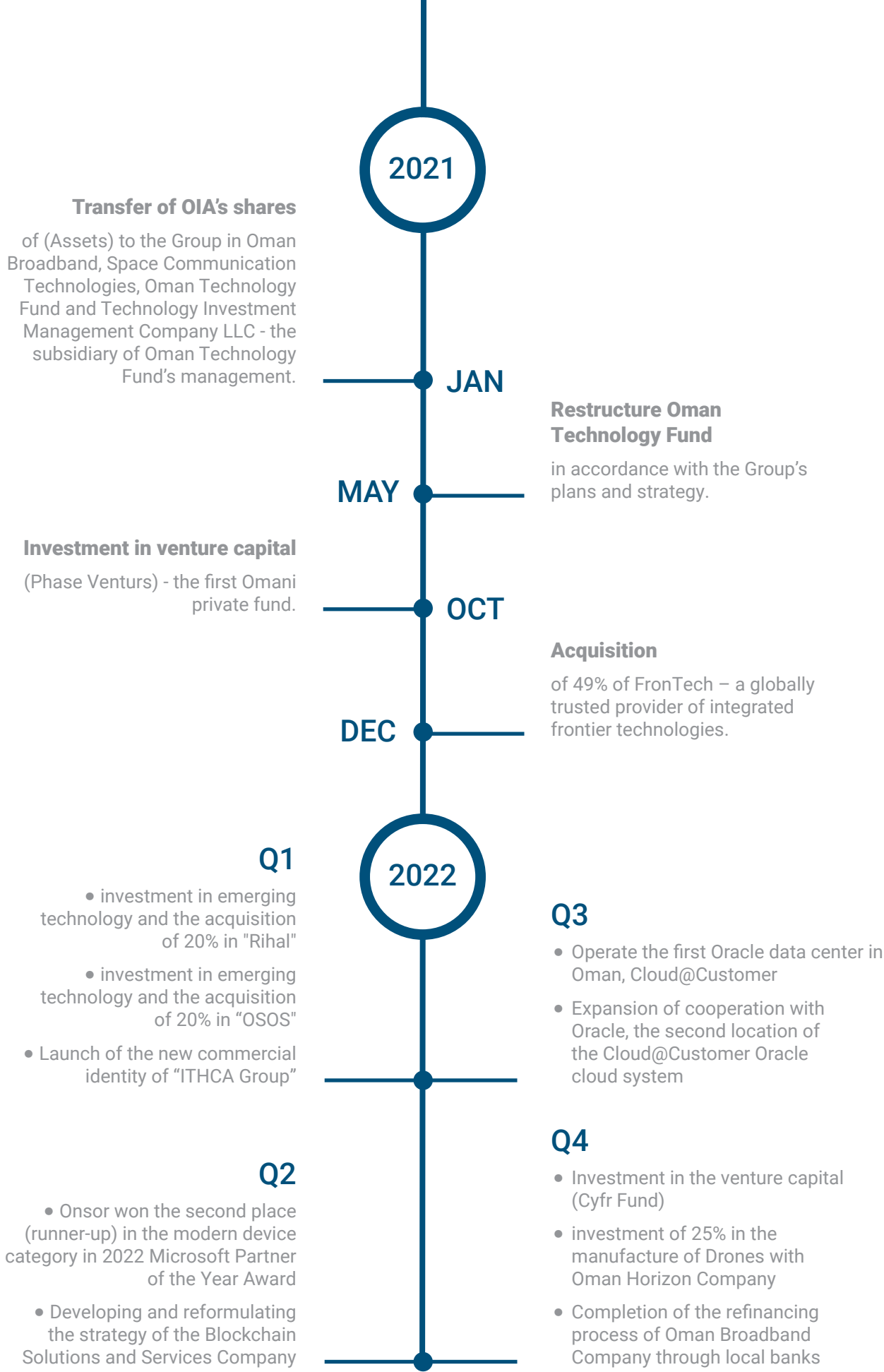
ITHCA Group should aim to develop a fully functioning ICT ecosystem in Oman



Major Milestones and Achievements

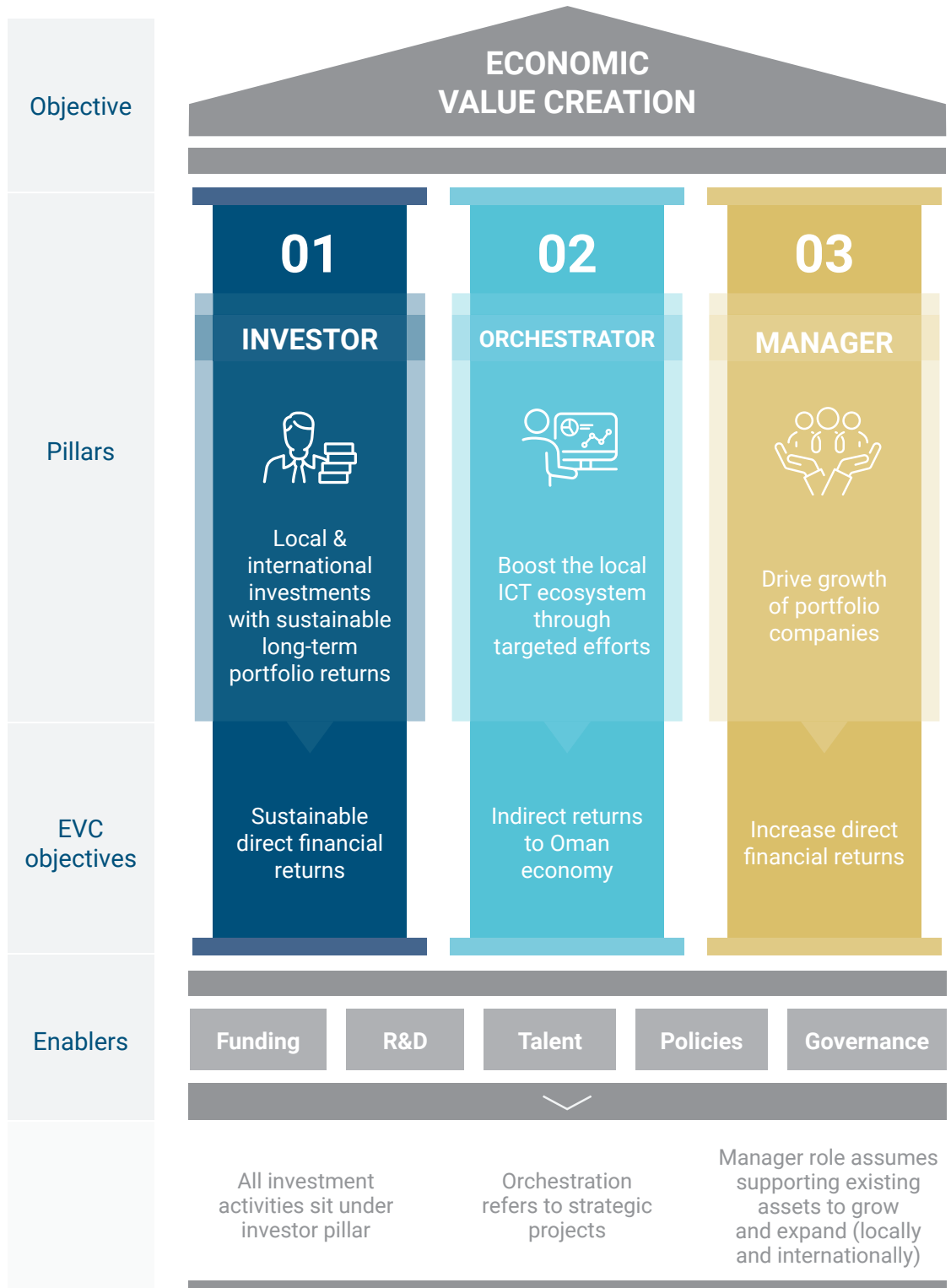
from 2019-2022





Investment Philosophy

ITHCA Group's Strategy is built on 3 pillars, dictating wider role than a pure investor seeking financial returns only.



Social Responsibility and Job Localization

ITHCA Group Empowerment in Action – People, Society, and SMEs

98%
Omanization

The Group and its subsidiaries are making continuous efforts to recruit Omani employees.

More than 200
trainees in
(Tamkeen Training Program)

Intensive training program for new graduates for six-months to develop and enable the trainees to acquire the required skills and experience that qualify them in the future to engage in different fields.

Center Service Provider
“Withaq”

«Withaq» center contributed significantly to achieving efficiency and financial savings as a result of the optimal utilization of human resources and central management with the aim of providing support services to the group and its subsidiaries in the field of finance, procurement, human resources, treasury, information systems and legal consulting service, corporate communication and marketing.

Massar Program

"Massar Program" is a leadership development initiative, focused on enhancing participant's skills, competencies, and knowledge to prepare them for leadership roles within the ITHCA Group's various companies, emphasizing a culture of ongoing learning and leadership excellence.

Social Investment initiatives

- Allocation of OMR 50k from CSR budget for the Donation Portal "Jood" initiated by Ministry of Social Development.
- Contributed within the framework of CSR and provided financial support to startups that won awards for excellence in technology at the COMEX 2023 Technology Exhibition.

Research and Development (RDI)

The investment in RDI in 2023 escalated to OMR 2.6 million, showcasing a substantial commitment to advancing technological innovation and contributing to Oman's ICT sector.

More than 300 individuals dedicated to RDI, highlighting the group's strategic emphasis on human capital to drive innovation and development.

Contribution to SME

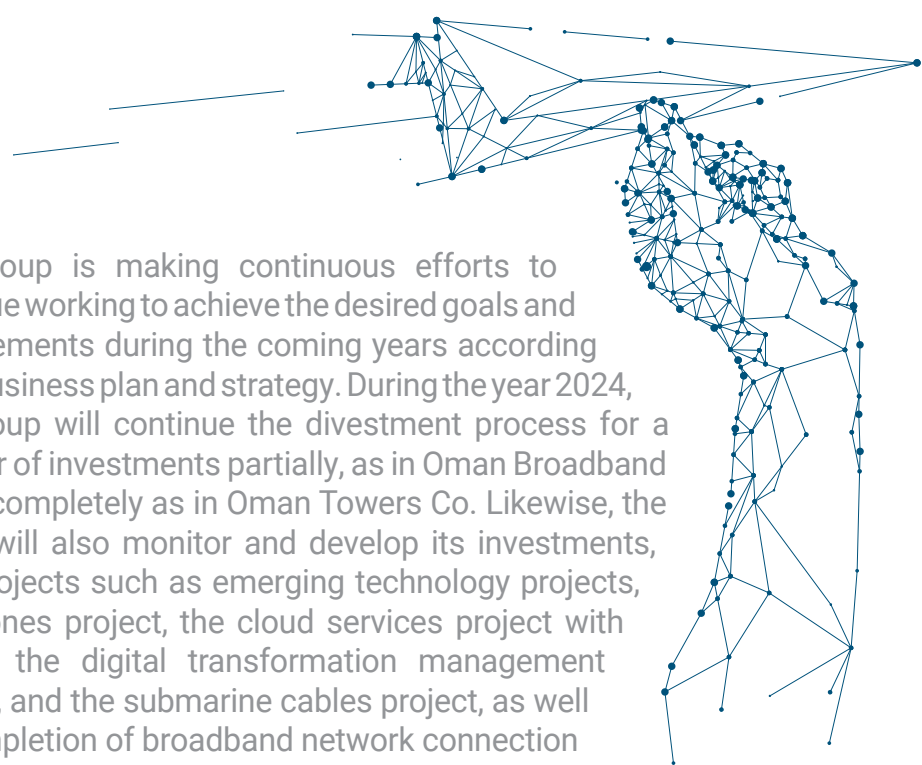
Direct SME Contribution

Total spent: OMR 40.3 million
Awarded to SME: OMR 12.2 million
SME Contribution: 30%

In-direct SME Contribution

Total spent: OMR 38.2 million
Awarded to SME: OMR 17.6 million
SME Contribution: 46%

Future Vision



The group is making continuous efforts to continue working to achieve the desired goals and achievements during the coming years according to its business plan and strategy. During the year 2024, the Group will continue the divestment process for a number of investments partially, as in Oman Broadband Co, or completely as in Oman Towers Co. Likewise, the group will also monitor and develop its investments, new projects such as emerging technology projects, the drones project, the cloud services project with Oracle, the digital transformation management project, and the submarine cables project, as well as completion of broadband network connection projects.

In light of the current situation and in order to strengthen the Group's position as one of the most important pillars of investment to achieve the aspirations and goals of Oman Investment Authority, Digital Oman and Oman Vision 2040, the group will work during the year 2024 to develop and reformulate its strategy to develop the ICT sector towards a prosperous future, and create new horizons and value-added services and promising opportunities to achieve sustainable profitable growth by promoting venture capital investment and focusing on investing in the technologies of the Fourth Industrial Revolution and studying and evaluating investment in potential projects inside and outside Oman in the fields of emerging technology, cybersecurity and other investments in the field of technology in general.

Corporate Governance Report

The background of the page is a solid blue color. In the lower right quadrant, there is a faint, abstract graphic consisting of a small white dot from which several thin, light blue lines radiate outwards, creating a starburst or network-like pattern.



Corporate Governance Report

The corporate governance environment is the framework in which ITHCA Group functions to achieve sustainability. By implementing a thorough framework for internal controls and operational procedures for efficient decision-making, the governance architecture aids the business in realizing its long-term goal.

ITHCA Group's philosophy on Code of Corporate Governance

Corporate governance serves as the basis of how a company is managed and steered, delineating the rights and responsibilities among its shareholders, the Board of Directors, management, committees, and employees. The Governance Management Framework outlines a systematic approach and guiding principles aimed at ensuring robust oversight, strategic decision-making, and accountability across the organization.

The government's ownership share in ITHCA Group is (100%) of the company's capital represented by the Oman Investment Authority (OIA) to be an investment arm of the government in partnership with the private sector.

Oman Information and Communication Technologies Group SAOC - ITHCA Group - (the "Company"), is committed to adhere to the highest standards of Corporate Governance. ITHCA Group believes that the process of Corporate Governance enables it to control and direct the operations making it more efficient.

Board of Directors and its Committees

The Board of Directors of ITHCA Group, abiding by the laws of the Sultanate of Oman, the Commercial Companies Law, and Oman Investment Authority Code of Governance, recognizes the necessity for clarity in the roles, responsibilities, and accountability in relation to its subsidiaries and affiliates. ITHCA Group's Board consists of seven members; elected by the shareholder (OIA) in Annual General Meeting held on 31st Mar 2023. The Board has also constituted Audit and Risk Committee (ARC), Board Investment Committee (BIC), Board HR and Talent Management Committee (MRTMC), and Major Tender Committee (MTC). It is to be noted that, the current Board period started in 2022 and ends in 2025.

Nomination and Election of Directors

The nomination and election of Directors fulfill the conditions set out in the Commercial Companies Law, and Oman Investment Authority Code of Governance and its implementing regulations.

The Board of Directors

As of December 31, 2023, the Board of ITHCA Group includes seven members, with four serving as independent directors and one as a female director. All members, including the Chairman, are non-executive, in line with the Code.

No.	Name of the Board Member	Position	Status	No of Meetings Attended	Notes
1	Eng. Atif Said Al Siyabi	Chairman	Non-Independent	12	-
2	Dr. Yousuf Abdullah Al Bulushi	Deputy Chairman	Independent	13	-
3	Dr. Saoud Hamid Al Shoaili	Director	Independent	13	-
4	Mrs. Wafaa Ahmed Al Amri	Director	Independent	13	-
5	Mr. Said Mohammed Said Al Aafi	Director	Independent	10	Appointed in May 2023
6	Mr. Almutasim Said Al Sariri	Director	Non-Independent	10	Appointed in May 2023
7	Mr. Sulaiman Khamis Hamed Al Rawahi	Director	Non-Independent	8	Appointed in May 2023
8	Mr. Muneer Ali Al Muneeri	-	-	3	Resigned in May 2023

The Board of Directors held 13 meetings during the year 2023 as follows:

Board Meeting	Meeting Date	Board Meeting	Meeting Date
1 st Meeting	26 th January 2023	8 th Meeting	19 th September 2023
2 nd Meeting	28 th March 2023	9 th Meeting	3 rd October 2023
3 rd Meeting	6 th April 2023	10 th Meeting	18 th October 2023
4 th Meeting	15 th June 2023	11 th Meeting	19 th November 2023
5 th Meeting	19 th July 2023	12 th Meeting	20 th December 2023
6 th Meeting	30 th July 2023	13 th Meeting	21 st December 2023
7 th Meeting	13 th September 2023		

The Committees Stemming from the Board of Directors

The Board Investment Committee ("BIC")

As of 31st Dec 2023, the Board Investment Committee (BIC) consists of four non-executive members. BIC met five times during the year 2023 and the attendance record is tabled below:

No.	Name of Committee Member	Position	No of Meetings Attended	Notes
1	Eng. Atif Said Al Siyabi	Chairman	5	-
2	Mr. Said Mohammed Said Al Aafi	Deputy Chairman	3	Effective from July 2023
3	Mrs. Wafaa Ahmed Al Amri	Member	3	Effective from July 2023
4	Mr. Sulaiman Khamis Hamed Al Rawahi	Member	3	Effective from July 2023
5	Mr. Muneer Ali Al Muneeri	-	2	Member until June 2023
6	Dr. Yousuf Abdullah Al Bulushi	-	2	Member until June 2023

ARC Meeting	Meeting Date
1 st Meeting	1st February 2023
2 nd Meeting	21st March 2023
3 rd Meeting	16th July 2023

ARC Meeting	Meeting Date
4 th Meeting	12th September 2023
5 th Meeting	2nd November 2023

The Committee's Terms of Reference

The Board Investment Committee (BIC) is appointed by ITHCA Group's BOD to assist in overseeing ITHCA Group's investment portfolio performance, reviewing ITHCA Group's capital structure, reviewing policies, guidelines and risk management, reviewing and recommending strategic investments. Also, the BIC is responsible to approve the Due Diligence and Risk Assessment for new investment opportunities, approve investment and divestment opportunities recommended by the Executive Management.

The Audit and Risk Committee ("ARC")

As of 31st Dec 2023, the Audit and Risk Committee (ARC) consists of three non-executive members. ARC met nine times during the year 2023 and the attendance record is tabled below:

No.	Name of Committee Member	Position	No of Meetings Attended	Notes
1	Dr. Saoud Hamid Al Shoaili	Chairman	8	-
2	Mrs. Wafaa Ahmed Al Amri	Deputy Chairman	9	-
3	Mr. Said Mohammed Said Al Aafi	Member	3	Effective from July 2023

ARC Meeting	Meeting Date
1 st Meeting	30 th January 2023
2 nd Meeting	26 th March 2023
3 rd Meeting	28 th March 2023
4 th Meeting	4 th April 2023
5 th Meeting	12 th April 2023

ARC Meeting	Meeting Date
6 th Meeting	17 th May 2023
7 th Meeting	30 th August 2023
8 th Meeting	15 th October 2023
9 th Meeting	16 th November 2023

The Committee's Terms of Reference

The Audit and Risk Committee (ARC) is appointed by ITHCA Group's BOD to assist in fulfilling their oversight responsibility to the shareholders. The Committee shall assist the BOD in the following:

- Oversight of financial matters in general (interim and annual financial statements), and recommend them to BOD for approval.
- Validate and verify the overall efficiency of the Executive Management in implementing the operational directives and guidelines set up by the Board.
- Evaluate and monitor the adequacy of internal control systems and their efficiency.
- Ensure that adequate policies/guidelines are created for safeguarding of human, material and intellectual resources and assets.
- Review the level of risk and measures taken by Executive Management to mitigate/manage the risk exposure.
- Oversee and evaluate the performance of external auditors, maintain open and direct communication with external auditors, the internal auditors, and management of ITHCA Group.

HR and Talent Management Committee (“HRTMC”)

As of 31st Dec 2023, the HR and Talent Management Committee (HRTMC) consists of three non-executive members. HRTMC met three times during the year 2023 and the attendance record is tabled below:

No.	Name of Committee Member	Position	No of Meetings Attended	Notes
1	Dr. Yousuf Abdullah Al Bulushi	Chairman	3	Effective from July 2023
2	Mr. Almutasim Said Al Sariri	Deputy Chairman	3	Effective from July 2023
3	Mr. Sulaiman Khamis Hamed Al Rawahi	Member	3	Effective from July 2023

ARC Meeting	Meeting Date
1 st Meeting	2 nd November 2023
2 nd Meeting	8 th November 2023
3 rd Meeting	4 th December 2023

The Committee’s Terms of Reference

The Board HR and Talent Management Committee (HRTMC) is appointed by ITHCA Group’s BOD to assist to:

- Approve Organization Structure in accordance with industry best practices.
- Overseeing the development plan and the delivery of the People strategy include for leadership and management, culture, knowledge and skills development, performance management and reward as defined by DoA.
- Approve Succession Planning for Executive’s key positions as defined by the Organization structure.
- Manage & approve the strategy of workforce planning, talent investment programs, the recruitment of Executive Management, all relevant organization culture activities, organizational satisfaction, HR related policies/ practice, and any other cases raised to the committee that require making decisions as per the DoA.

Major Tender Committee (“MTC”)

As of 31st Dec 2023, the Major Tender Committee (MTC) consists of five non-executive members. MTC met five times during the year 2023 and the attendance record is tabled below:

No.	Name of Committee Member	Position	No of Meetings Attended	Notes
1	Mr. Almutasim Said Al Sariri	Chairman	3	Effective from July 2023
2	Mr. Abdullah Mohamemd Al Abri	Deputy Chairman	3	Effective from July 2023
3	Eng. Salim Said Al Alawi	Member	3	Effective from July 2023
4	Mr. Ali Mohammed Abdullatif	Member	4	Effective from July 2023
5	Mr. Talib Hamod Al Rashdi	Member	4	Effective from July 2023
6	Mr. Muneer Ali Al Muneeri	-	2	Member until June 2023
7	Dr. Yousuf Abdullah Al Bulushi	-	2	Member until June 2023

HRTMC Meeting	Meeting Date
1 st Meeting	1 st May 2023
2 nd Meeting (by circulation)	31 st May 2023
3 rd Meeting	27 th September 2023
4 th Meeting	29 th October 2023
5 th Meeting (by circulation)	7 th December 2023

Remuneration of Directors

The sitting fee has been amended in 2022 as per OIA's letters no. OIA/PRES/327/2022 dated 13 Mar 2022 and follow-up letter no. OIA/PRES/728/2022 dated 21 April 2022, however, ITHCA Group Board of Directors framed the setting fees as follow - effective date 31st Mar 2022:

ITHCA Group Board and Sub-committees	Previous Sitting Fee	New Sitting Fee for 2023
Chairman of the Board	300	600
Board Member	250	500
Committee (including the chairman of the committee)	200	300

Since legal form of ITHCA Group is SAOC, therefore, the sitting fee for the board and sub-committees capped at OMR 6,000 per director (for the Chairman and Members).



Governance System

ITHCA Group is committed to implementing governance systems fully by reviewing and harmonizing the policies and guidelines towards the Group's workflow to ensure distinguished management with high standards in terms of appropriate guidance and follow-up tools, as well as minimizing the risks of investment opportunities and thus achieving long-term value for the shareholders.

ITHCA Group conducted in 2023 a comprehensive gap analysis to identify differences between ITHCA Group and its subsidiaries' current policies / guidelines and OIA's Code of Governance as per the checklists provided by OIA. As a result, Oman Investment Authority (OIA) has mandated that ITHCA Group aligns its Policies and Guidelines against their own in order for ITHCA Group to achieve their Corporate KPI of being completely aligned against OIA.

Corporate Governance Framework

Procurement and Tendering Policy

In-Country Value / SME Policy

Information Security Policy

Legal Affairs Policy

Risk Management Guideline

Business Continuity Management Guideline

Internal Audit Guidelines

Media and Communication Guidelines

Valuation Guideline

Investment Policy

Investment Process Guidelines

Divestment Policy

Projects, Initiatives and Key Developments

Projects, Initiatives and Key Developments

During 2023, the Group signed a number of investment and partnership agreements with local and international parties with the aim of expanding its investment portfolio and supporting the ICT sector in Oman. Among the most prominent of these projects and achievements during the year 2023, investment in the venture capital (Oryx Fund), investment in emerging technology and the acquisition of 23% in Innotech company, 26% in DataOm, other investments in GSME, and e-Mushrif.

InnoTech

investment in emerging technology and the acquisition of 23% in "Innotech"

Q2-2023

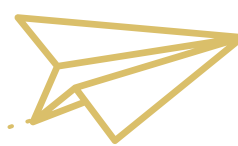
Investment in InnoTech and acquisition of a 23% stake in the company at a cost of OMR 0.5 million. The focus will be on investing in 3D printing technology in real estate development and using knowledge with technology to find innovative solutions to enhance this sector.

Oryx Fund

Investment in the venture capital (Oryx Fund),

Q1-2023

Investment in the venture capital fund Hambro Perks Oryx Fund LP with investment commitment of \$3 million. The fund invests in startups led by prominent entrepreneurs from various sectors such as financial, medical, logistics, and educational technologies. ITHCA Group and Hambro Perks Oryx Fund LP have signed an investment agreement aimed at enhancing the startup ecosystem in the Sultanate.



Investment in Tayyar Trading SPC (E-Mushrif), which operates the Internet of Things (IoT) technologies and develops innovative solutions for safety systems related to tracking school buses and patient tracking systems, as was the case during the COVID-19 pandemic.



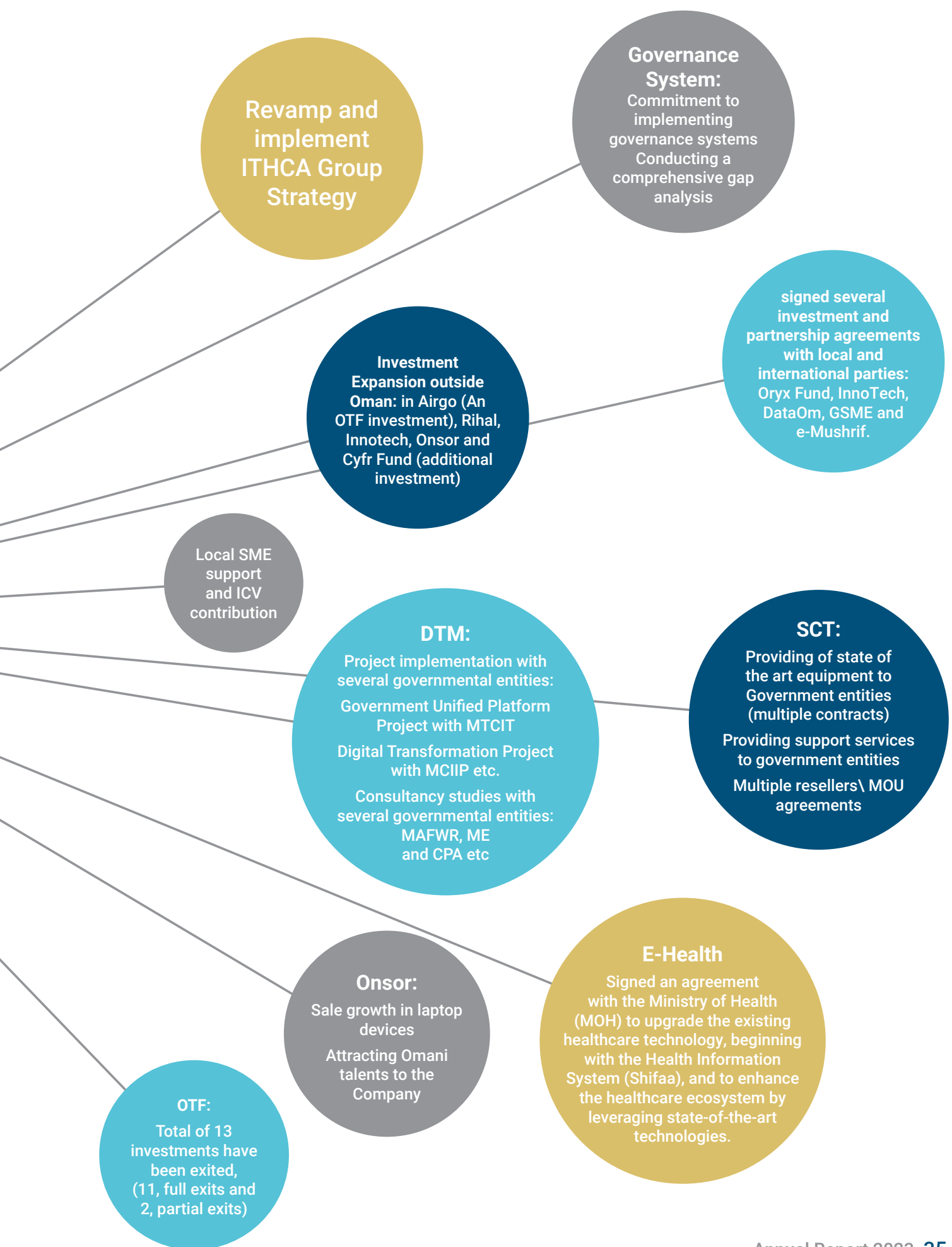
Investment in Oman Data Networks LLC (DataOm), where ITHCA Group holds a 26% stake. The company specializes in data center systems and global connectivity lines. The investment was made in partnership with Cinturion Corporation Limited (49%) and the Omani Future Telecommunications Company SAOC (Vodafone) (25%).



Investment in GSME - GS Microelectronics, U.S. Inc., with a total cost of \$8 million and acquisition of a 34.25% stake in the company. The company, a leading American semiconductor designer, has expanded its operations in Oman by opening a semiconductor design center in Muscat and designing the "Oman-1" and "Oman-2" chips with Omani skills, which will be launched in 2024.

Projects, Initiatives and Key Developments





Revamp and implement ITHCA Group Strategy

Governance System:

Commitment to implementing governance systems
Conducting a comprehensive gap analysis

Investment Expansion outside Oman: in Airgo (An OTF investment), Rihal, Innotech, Onsor and Cyfr Fund (additional investment)

signed several investment and partnership agreements with local and international parties: Oryx Fund, InnoTech, DataOm, GSME and e-Mushrif.

Local SME support and ICV contribution

DTM:

Project implementation with several governmental entities:
Government Unified Platform Project with MTCIT
Digital Transformation Project with MCIIP etc.
Consultancy studies with several governmental entities: MAFWR, ME and CPA etc

SCT:

Providing of state of the art equipment to Government entities (multiple contracts)
Providing support services to government entities
Multiple resellers\ MOU agreements

Onsor:

Sale growth in laptop devices
Attracting Omani talents to the Company

E-Health

Signed an agreement with the Ministry of Health (MOH) to upgrade the existing healthcare technology, beginning with the Health Information System (Shifaa), and to enhance the healthcare ecosystem by leveraging state-of-the-art technologies.

OTF:

Total of 13 investments have been exited, (11, full exits and 2, partial exits)

Projects, Initiatives and Key Developments

ITHCA Group Investment Expansion in 2023

Through its subsidiaries and associated investments, ITHCA Group is expanding its investment operations and entering the Gulf and USA markets to achieve financial returns and promote the ICT sector locally and regionally. Below are some examples of the expansion investments:



Expanding investment operations for Data Migration and Services LLC (Rihal) and entering the Saudi market for the development and implementation of projects in the field of electronic services and information technology, creating smart solutions that make a difference and contribute to the growth of digital business services, such as the Hajj and Umrah platform, among others.



Launching Onsor Technologies LLC (Onsor), in which ITHCA Group owns a 49% stake, for a 3D computer with a partnership agreement signed with the American company Zspace in March 2023, aiming to develop 3D technology content and export the technology outside Oman to enhance Onsor's position in the world of technology and innovation.



Expanding investment operations for Innovative Technology for Innovation LLC (InnoTech) Company, in which ITHCA Group owns a 23% stake, and entering the Saudi market through an investment agreement with "Forming Future" Saudi company, where Future Formation joins InnoTech's investment round to develop 3D printing technology in the real estate sector and expand into Gulf and regional markets in the fields of construction automation and manufacturing using 3D printing technology.



Expanding investment in AirGo Company, one of the startups of the Oman Technology Fund (OTF) which is owned by ITHCA Group and the Ministry of Finance, entering the Saudi market by signing an investment agreement with "Forming Future" in the Kingdom of Saudi Arabia.



Additional investment commitment in the venture capital - Cyfr Fund I LP, which invests in startup companies led by prominent entrepreneurs from various sectors such as financial and medical technologies. The total investment commitment amounts to \$5 million.

Initiatives and Key Developments 2023

Divestment Plan:



ITHCA Group effectively executed the divestment and sale of a 39% ownership interest in Oman Broadband Company SAOC, a subsidiary under its ownership, to Rakiza in the primary phase. The subsequent divestment phase, aiming for an additional 10-26% stake, is slated for 2024. This transaction, yielded an internal rate of return of 25.1%.



The divestment process and the execution of a sales agreement for a 10% share in the Omani Towers Company, owned by the ITHCA Group, is in progress and expected to be closed by end of 2024 as per the Group's strategic objectives to exit and attract foreign investment.

ITHCA Group's Portfolio



ITHCA Group's portfolio



Infra



Provides broadband infrastructure services by deploying and operating future proof, environmentally green open access infrastructure.



Providing a passive infrastructure to the wireless telecommunication service operators and government entities in an open access manner.



Fulfilling the national requirements for satellite services.



JV with Cinturion, Trans Europe Asia System project ("TEAS"), a submarine system connecting Europe and India, through the Arabian peninsula.



Emerging



Onsor Technologies is a vibrant Omani startup engaged in Emerging Technologies (IoT and AI) and the production of Personal Computers.



FrontTech is aiming to speed up the digital innovation and drive broad adoption of blockchain technology through introduction of National Blockchain Platform11.



DTM aims to support the digitization of Oman leveraging strategic partnerships, nurturing Omani talent and adopting leading technological capabilities.

Oman Horizon

Oman Horizon is a vibrant startup engaged in building drones and developing eco-system.



Powering Next-Generation Applications Through Advanced-IC Design & Manufacturing Solutions.



OSOS is focused on the development of a portfolio of enterprise resource management (ERP) solutions tailored to specific clients, domains and use cases.



Rihal offers data management services addressing the data challenges of small, medium and large enterprises.



An Omani based 3D printing company that specializes in producing Construction 3D printers along with full fledged 3D printing workshop and educational arm.



eMushrif aims to be the first mobility choice for parents and students by offering the utmost convenience, safety, and ride experience.

VC's



OTF aims to create a vibrant VC industry, focused on promoting the technology startup ecosystem and shall play an enabler role.



Phaze Ventures aiming to unlock the untapped potential of our region's youth, startups and corporates. Investing in and support early stage technology companies from pre-seed to series-A.



Invests across Middle East and North Africa, backed by SWFs and participation from local and international family offices; focuses on early-stage companies.



Investing with a focus in sectors such as Fintech, HealthTech, Consumer Tech. With exposure to USA and MENA and a focus on growth and late-stage companies.

Investment in Subsidiaries

As of the reporting date 31st Dec 2023, ITHCA Group's assets in subsidiaries are all incorporated in the Sultanate of Oman and are as follow:

Oman Broadband Company SAOC

- ITHCA Group shares 61%
- Building broadband infrastructure

Space Communications Technology SPC

- ITHCA Group shares 100%
- Building national capacity in space technologies

Digital Transformation Management Company LLC

- ITHCA Group shares 100%
- Innovative digital solutions – e-government services

Technology Investment Management Company LLC

- ITHCA Group shares 100%
- Providing management services to OTF

Onsor Technologies LLC

- ITHCA Group shares 49%
- IoT & AI solutions - PCs design and production

Investment in Associates

As of the reporting date 31st Dec 2023, ITHCA Group's assets in associates are all incorporated in the Sultanate of Oman and are as follow:

Blockchain Solutions and Services LLC – FronTech	<ul style="list-style-type: none"> - ITHCA Group shares 49% - Building technical capabilities in blockchain and other technologies
Data Migration and Services LLC - Rihal	<ul style="list-style-type: none"> - ITHCA Group shares 20% - Data solutions, Data management, RPA, integration, and AI
Prime Business Solutions LLC - OSOS	<ul style="list-style-type: none"> - ITHCA Group shares 20% - Integrated business app's, software and technology provider
Oman Horizon LLC	<ul style="list-style-type: none"> - ITHCA Group shares 25% - Design, assembly and build drones
Oman Towers Company LLC	<ul style="list-style-type: none"> - ITHCA Group shares 10% - Building towers infrastructure - telecom sector
Innovative Technology for Innovation LLC	<ul style="list-style-type: none"> - ITHCA Group shares 23% - 3D printing
Oman Data Network	<ul style="list-style-type: none"> - ITHCA Group shares 26% - Submarine project
Tayyar Trading SPC	<ul style="list-style-type: none"> - Convertible Note * - Aims to be the first mobility choice for parents and students by offering the utmost convenience, safety, and ride experience.
GS Microelectronic US Inc.	<ul style="list-style-type: none"> - ITHCA Group shares 34.25% ** - Powering Next-Generation Applications Through Advanced-IC Design & Manufacturing Solutions

Investment in Venture Capital

As of the reporting date 31st Dec 2022, ITHCA Group's investments in venture capital are all incorporated in the Sultanate of Oman and are as follow:

Oman Technology Fund Holding Company SAOC

- ITHCA Group shares 78.6%
- Investment in emerging Omani & non-Omanitech startups (VCs)

Phase Venture Fund I

- ITHCA Group shares 21.7%
- VC Investment in Oman, MENA, and US

Cyfr Fund

- ITHCA Group shares 20%
- VC Investment in Oman, MENA, and US

Oryx Fund

- ITHCA Group shares 6.17%
- VC Investment in Oman, MENA, and US

Opportunities

ITHCA Group has been engaged into discussion with several potential partners in Emerging Technologies segment and ICT sector overall. Some of those opportunities are under consideration going forward:

Opportunities	Impact	Likelihood	Challenge	Plan	Potential synergy
Cybersecurity	Medium	High	Offtake with key stakeholders Financially sustainable BP	Completed high level review with stakeholders Next step: BP development	Potential synergies around procurement efficiency of cyber security services
Data Hub	Major	Medium	International partner to be selected Secure anchor tenant	Finalise economic impact Adjust forecast and financial plan	To be assessed at later stage

Financial Performance

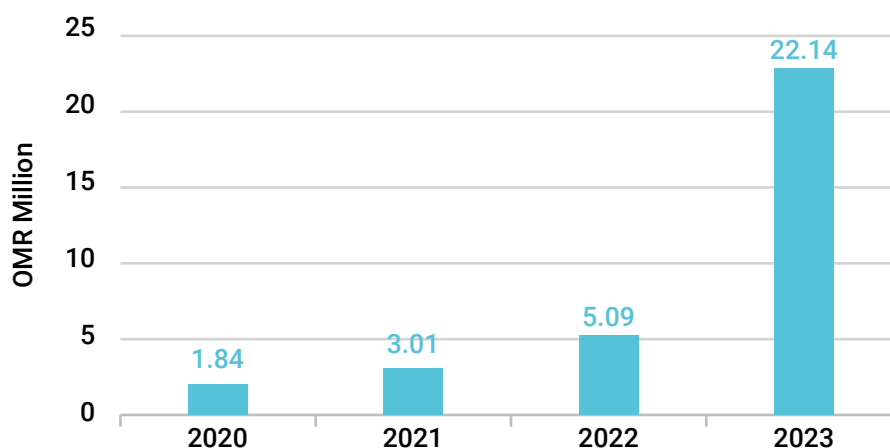


ITHCA Group Consolidated Financial Performance

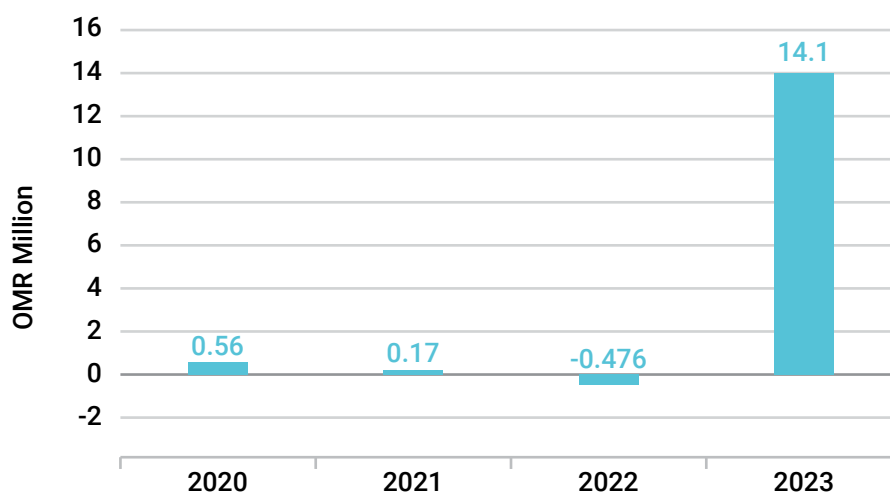
Separate Statement of Profit or Loss for the Years ended 31st Dec 2020 - 2023

During the year ended 31 December 2023, Parent Company revenues increased significantly to RO 22.1m as compared to RO 5m from the previous year and the net profit increased to RO 14.1m as compared to a loss of RO 0.5m from the previous year. The increase in profits is due to dividend and realized gains on partial disposal of our stake in Oman Broadband Company SAOC and an increase in the interest income. The liquidity position of the Parent Company continues to remain robust with a healthy leverage ratio of less than one.

Total revenue for the period



Total comprehensive income/(loss) for the period

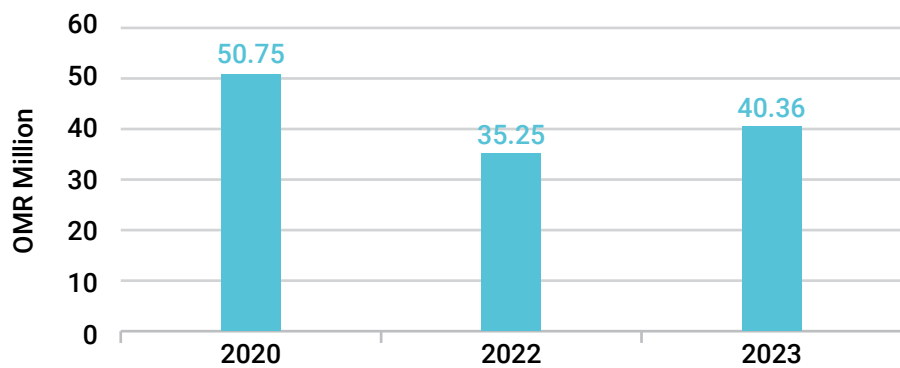


ITHCA Group Financial Performance

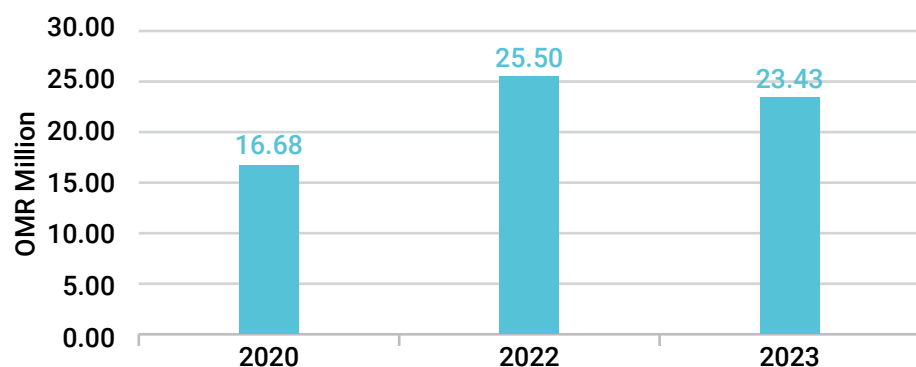
Consolidated Statement of Profit or Loss and Comprehensive Income for the Year ended 31st Dec 2021, 2022, and 2023

During the year ended 31 December 2023, Group revenues increased by 14.5% to RO 40.3m as compared to RO 35.3m for the previous year 2022. The EBITDA attributable to ITHCA Group's shareholders decreased by almost RO 2m from OMR 25.5m in 2022 to OMR 23.4m in 2023. The stability of the Group's EBITDA was primarily attributed to the robust performance of our key subsidiaries, Oman Broadband Company SAOC, and also from the financial income.

Revenue



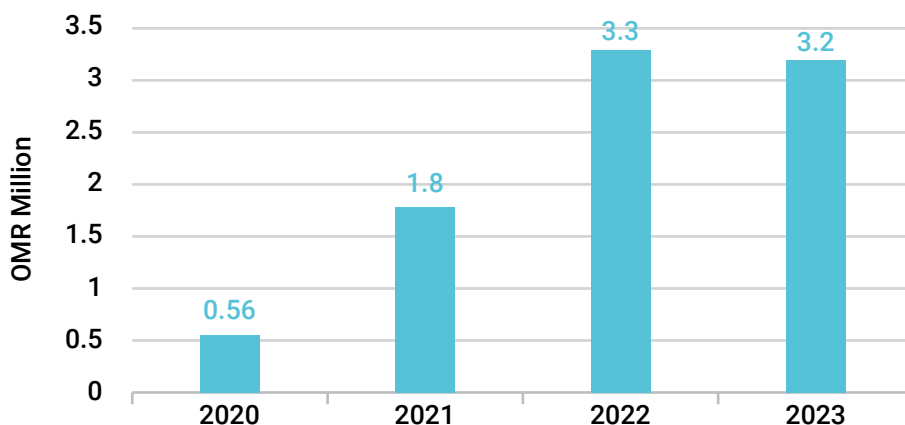
EBITDA



Consolidated Statement of Profit or Loss without Impairment and Assets Revaluation for the Year ended 31st Dec 2020, 2021, 2022 and 2023

The Group achieved a positive profit of RO 3.2 million in 2023 compared to RO 3.3 million profit in 2022 when excluding all assets impairment and the revaluation of other financial assets (mainly venture capital investments).

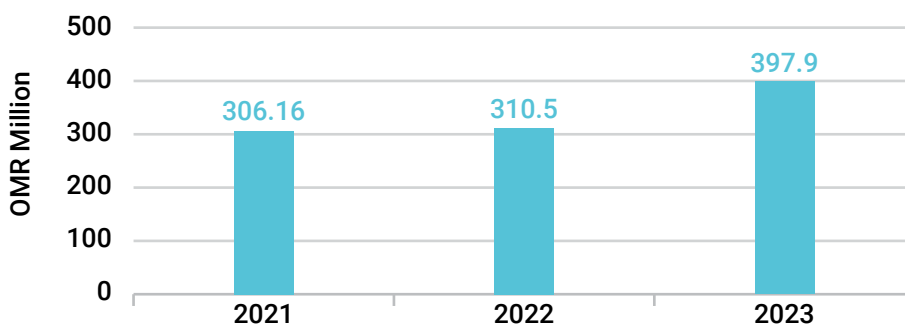
Net profit/(Loss) without Impairment and Assets Revaluation (FAFVTPL)



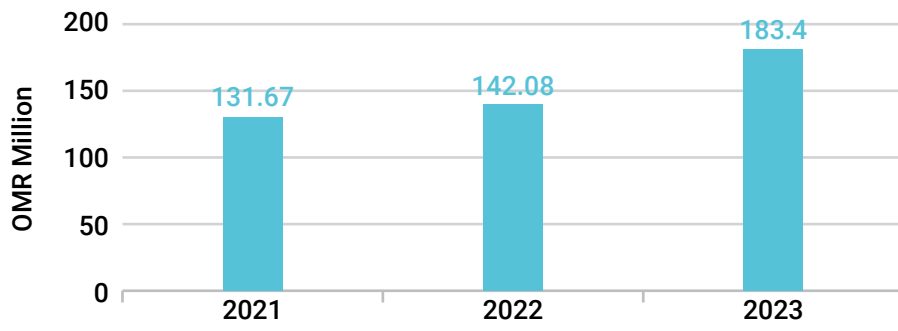
Consolidated Statement of Financial Position for the Year ended 31st Dec 2021, 2022, and 2023

As of the year ended 31 December 2023, the Group assets increased by 28% to RO 398m from RO 310 and is mainly attributable to growth in the investment portfolios and business activities of our key subsidiaries.

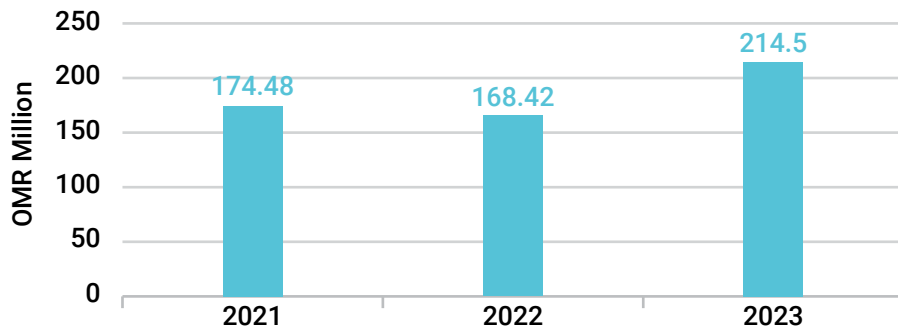
Net Assets



Liabilities



Net Equity





**Oman
Broadband
Company SAOC**

About Oman Broadband Company SAOC

Oman Broadband is founded in early 2014 and licensed under Royal Decree No. 10/2019 as a first-class operator wholly owned by the Government. The Government mandated with building and developing the necessary broadband infrastructure in Oman as stipulated in the third pillar of the National Broadband Strategy. Oman Broadband works in tandem with the concerned authorities and private sector partners to deliver that vision thereby future proofing the online economy and investing in the digital potential of the nation.



Eng. Sultan Al Wahaibi
Oman Broadband CEO

VISION:

Provide high speed broadband infrastructure reaching 50% of urban premises by 2020 and 95% of urban premises by 2030, Enabling economic benefits in alignment with the Government's vision to building a sustainable knowledge-based economy, Use creative ways of leveraging synergies and collaboration to minimize costs and provide affordable infrastructure that equally serves all service providers.

MISSION:

Oman Broadband provides broadband infrastructure services by deploying and operating future proof, environmentally green open access infrastructure.

GOALS:

To reach every Omani residents.

VALUES:

Responsibility. Efficiency. Reliability. Collaboration. Innovation.

CORE ACTIVITIES:

Rolling out our fibre.

Oman Broadband achieved significant milestones in expanding our fiber-optic network across Oman, with a highly skilled, 99% Omani workforce. We're committed to further growth, aiming to reach over 99% coverage in Muscat and 50% outside Muscat within the next three years.

Our success is driven by several factors including: financial strength, empowering SMEs, human capital investment and development of national telecommunications infrastructure.

We're also preparing for an Initial Public Offering (IPO) to enhance public ownership, attract foreign investments, and support the government's financial inclusion plans.

Our expansion strategy focuses on reaching new areas across all governorates, including rural villages through the "Afaaq" project, implemented in partnership with the Telecommunications Regulatory Authority.

We believe in the power of partnerships with governorates to foster local development. By providing broadband infrastructure, we aim to accelerate businesses, expand internet access, and create job opportunities. We're confident that our partnership model will create promising investment opportunities for the governorates, benefiting sectors like education and healthcare.

We remain dedicated to playing a vital role in Oman's digital transformation and achieving the goals of Oman Vision 2040.

Key Projects, Products/Services and Initiatives

- In Overall active connections has reached to 266K to date with a 25% growth from 2023.
- Achieved 744K Home passed by the end of year 2023.
- Achieved 95% of network coverage within Muscat Governate & 41% in Urban Areas .
- Supported Local SMEs through direct tenders with a value of OMR 11 Million & OMR 17 Million through indirect tendering.
- Secured at least 188 indirect jobs for Omanis through contractors.
- Achieved ISO (9001,14001 & 45001) certification.
- Reached to high Omanisation rate of 99%.

Key Highlights and Indicators

ITHCA Group Equity Stake %	61%
Investment/Asset Transfer Date	1 st Jan 2021
Investment/Project Description	Provides broadband infrastructure services by deploying and operating future proof, environmentally green open access infrastructure"

Key Highlights/Indicators (2021-2023)

Key Highlights	2021	2022	2023
Number of Employees	173	173	197
Omanisation %	98%	98%	99%
Internship/Trainee	113	140	132
ICV – SME Contribution (Amount in OMR)	2,909,928	8,204,650	12,246,497



Digital Transformation
Management
إدارة التحوّل
الرقمي

Digital Transformation Management Company LLC

About Digital Transformation Management Company LLC

DTM looks to cement its role as the connective tissue between buyers (our clients: Government Entities, OIA Companies and the Private Sector) and suppliers (our partners: consultants, subject matter experts, system integrators, etc.) to be able to implement large scale and complex projects, accelerate Government Digital Transformation, engage the local market and commercialize modern solutions.



Salah Al Rasbi
Director

VISION:

To be the partner-of-choice for Oman's digital transformation.

MISSION:

To deliver innovative digital solutions for large scale / complex projects by leveraging on strategic partnerships, nurturing top Omani talent, and adopting leading technological capabilities

GOALS:

To accelerate the deployment and delivery of Digital Transformation projects in Oman

VALUES:

- Partnership
- Trust
- ICV

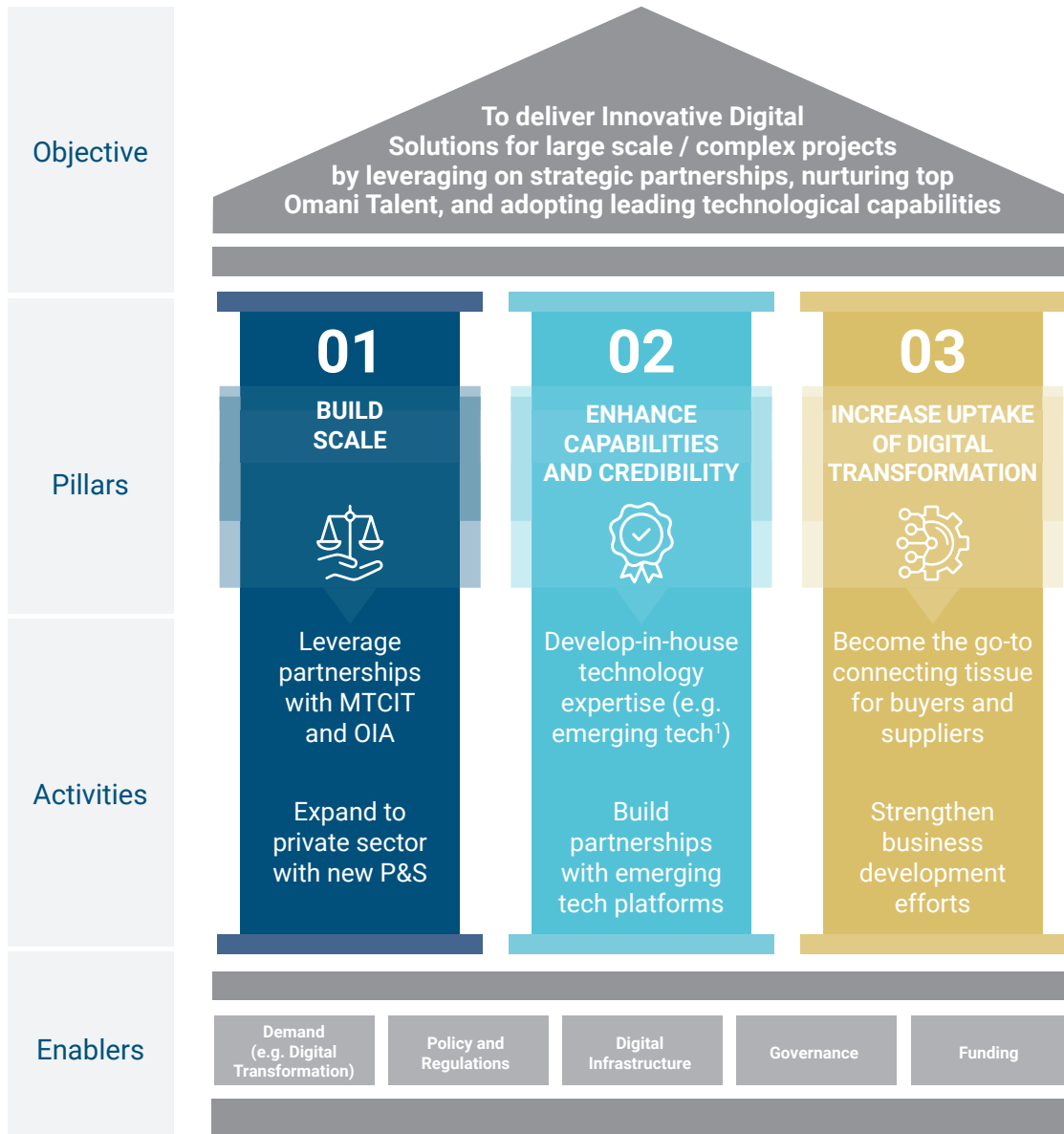
CORE ACTIVITIES:

- Digital Transformation Accelerator
- Project Funding
- Project Management
- Procurement Excellence

Our vision is to lead Oman's digital evolution by delivering innovative digital solutions through strategic partnerships, nurturing local talent, and using cutting-edge technology. Our recent accomplishments reflect our dedication to this mission, including the completion of major projects, the commencement of transformative initiatives, and the successful deployment of pioneering solutions.

Looking ahead, we plan to launch the "National Suggestions and Complaints Platform" and the "Government Unified Platform," formalize strategic partnerships, and establish Centers of Excellence in Project Management Office (PMO) and Procurement. We see promising opportunities in leveraging emerging technologies, accelerating the pace of digital transformation, and exploring innovative business models.

We are grateful to our Group CEO, esteemed Board of Directors, and our dedicated team for their steadfast support and expertise. Together, we are ready to shape Oman's digital future and usher in a new era of prosperity.



Key Projects, Products/Services and Initiatives

Government Digital Transformation Projects:

The management of government digital transformation projects with several ministries and governmental authorities through the Digital Transformation Management Company LLC, a subsidiary of the ITHCA Group. These projects include the unified national electronic services portal with the Ministry of Transport, Communications, and Information Technology, as well as digital transformation projects with the Ministry of Agriculture, Fisheries, and Water Resource, Ministry of Education, and the Consumer Protection Authority.

Key Projects

- Ministry of Agriculture, Fisheries and Water Resources Digital Transformation Consultancy Study
- Consumer Protection Authority (Digital Transformation Consultancy Study)
- Ministry of Education Digital Transformation Consultancy Study

Projects Closed in 2023

- Ministry of Agriculture, Fisheries and Water Resources Digital Transformation Consultancy Study
- Consumer Protection Authority Digital Transformation Consultancy Study
- Ministry of Education Digital Transformation Consultancy Study

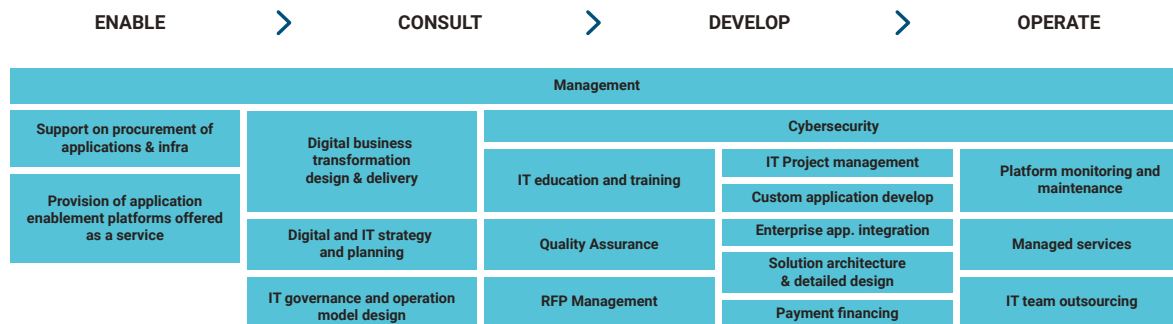
New Projects

- Implementation of Ministry of Agriculture, Fisheries and Water Resources eServices portal.
- Implementation of Consumer Protection Authority eServices portal.
- Implementation of Ministry of Education Digital Transformation eLearning and eServices portal.
- National Suggestions and Complaints Platform for Oman Vision Initiative Follow-up Unit.
- Government Unified Platform for the Ministry of Transport, Communication and Information Technology
- Innovation Platform Consultancy Study for the Ministry of Higher Education.
- Invest Easy Platform migration and hosting for the Ministry of Commerce, Industry and Investment Promotion
- Digital Transformation consultancy for the Directorate General for Standards and Metrology in the Ministry of Commerce, Industry and Investment Promotion

Products and Services

P&S IN THE DIGITAL TRANSFORMATION LIFECYCLE

NON-EXHAUSTIVE



PARTNER NETWORK



ORACLE

Nortal

FRONTECH
فرونتيك



OSOS



AI



Blockchain



IoT



Cyber Security



Cloud

Buyers/Clients

- Ministry of Transport, Communications and Information Technology
- Ministry of Agriculture, Fisheries Wealth & Water Resources
- Consumer Protection Authority
- Ministry of Higher Education, Research and Innovation
- Ministry of Education
- Ministry of Commerce, Industry and Investment Promotion

Suppliers/Partners



Key Highlights and Indicators

ITHCA Group Equity Stake %	100%
Investment/Asset Transfer Date	1 st Jan 2022
Investment/Project Description	DTM aims to support the digitization of Oman leveraging strategic partnerships, nurturing Omani talent and adopting leading technological capabilities.

Key Highlights/Indicators (2021-2023)

Key Highlights	2022	2023
Number of Employees	13	13
Omanisation %	100%	99%
Internship/Trainee	1	5
ICV – SME Contribution (Amount in OMR)	50,000	100,000
Number of Awarded Projects	3	5



Onsor Technologies LLC

About Onsor Technologies LLC

Onsor Technologies is a vibrant technology company that is revolutionizing the way businesses and individuals access and utilize technology. Our IoT solutions allow customers to have complete control and visibility of their assets and systems, enabling them to optimize operations, reduce costs, and improve overall performance. Our computing solutions are crafted based customers requirement for a modern working environment. We strive to be the go-to provider of innovative, reliable, and cost-effective technology solutions.



Maadh Al Hinaai

Onsor Technologies, CEO

VISION:

To be a trusted and innovative leader in emerging technologies.

MISSION:

To accelerate the adoption of emerging technologies across all customer segments, by delivering cutting edge IoT, computing products and solutions.

GOALS:

- Expand geographically in 2 or more countries, by 2024.
- Deploy IoT solutions in three verticals by 2024.
- Attain minimum of 6 IPs by 2026.

VALUES:

- **Innovation:** Innovate and create the latest technologies to provide solutions that empowers people and corporates, enabling them to achieve their goals with ease and maximum efficiency.
- **Empowerment:** Overcome the impossible to empower users, allowing them to exceed their capabilities.
- **Influence:** Extend beyond the limits to wield influence, inspiring their curiosity and guiding them through more profound and enriching experiences.

In 2023, Onsor Technologies has continued to redefine the landscape of customized computing and IoT solutions, driving innovation and excellence across IoT projects, business PCs, innovative laptops with autostereoscopic displays that enables a remarkable immersive experience.

Compared to 2022, we have seen a growth in revenues by 285% with 395% growth in number of computers delivered to our customers. More importantly, highly sensitive accounts joined Onsor family from different sectors like Banking and financial services.

As an Omani startup, our commitment to social responsibility shines through our efforts in job localization with 43 highly talented employees by end of 2023. We also awarded contracts valued at OMR 146,612 to SMEs ensuring that we not only create innovative solutions but also contribute positively to the communities we operate in.

Looking ahead, Onsor Technologies is taking off into neuromorphic computing, contributing in the next-gen AI revolution. This breakthrough technology, mimicking the human brain's functionality, is poised to redefine automation and intelligence in our IoT and computing solutions. We're not just following the future; we're creating it, offering smarter, more intuitive systems that transform how industries operate.

Thank you to our dedicated team, loyal clients, and partners for being an integral part of our journey. Together, we are not just engineering the future; we are going beyond what is possible.

Business Strategy - IoT

With relatively low maturity of IoT market in Oman, Onsor's strategy to enable this sector was to build a customizable IoT platform and deliver/show value of adopting high-tech solutions to have data driven decision making, reduce operational hurdle and waste, have full visibility and control of the overall business. This platform is being further developed to be customized with Low or no code to scale it to different customers and expand vertically.

2021-2022 Develop the IoT platform. With the following main features:

- Low code or no code customizable deployment.
- Design the platform to interact with major industrial IoT communication protocols.
- Build Business intelligence to quantify metrics like cost reduction and predictive maintenance.

2023 De-risk the decision making to deploy such technologies by delivering PoCs that shows value for the following applications:

- Facility and infrastructure.
- Vessel monitoring solutions.
- Smart factory automation.

2024 Generate the first \$1M from initial deployment.

- Fully deploy the PoCs.
- Set the ecosystem around solution to prepare it for mass deployment.

2025-2026 Scale vertically locally and regionally.

- Targeting \$4.7M/year in revenue by end of 2026.

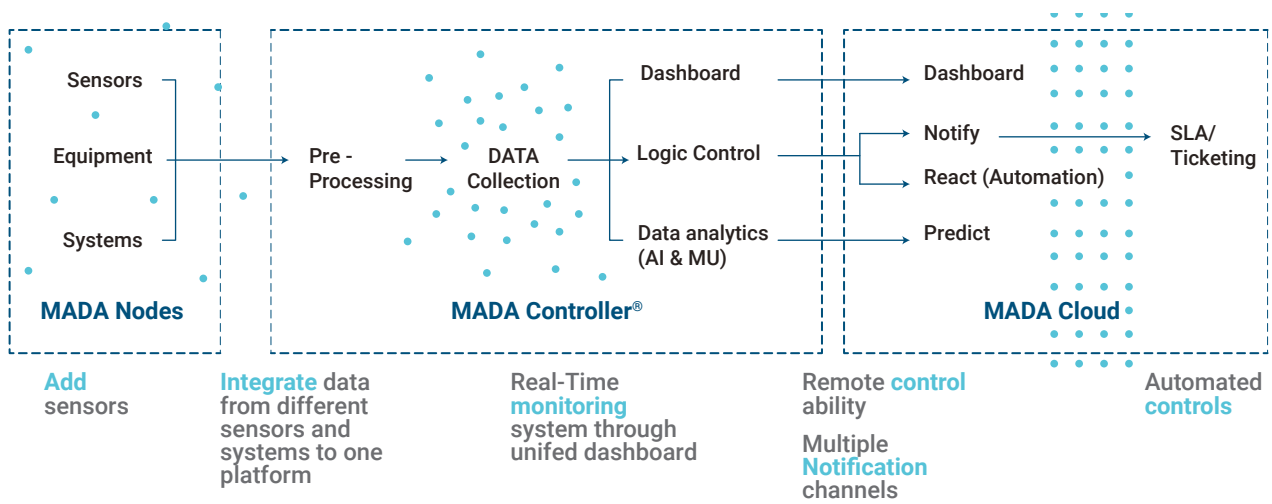
Business Strategy - Computing Solutions

The strategy is architecting a future where computing solutions evolves around experiences and making personal computers more personal. Onsor is also paving its way towards the future of AI computing, by developing Neuro-inspired computing for next-gen AI. Neuromorphic computing offers a leap in processing power and efficiency by emulating neural pathways. This brain-inspired technology promises to make AI more intuitive and responsive, profoundly enhancing our interaction with the digital world. It could drastically shrink the size of AI systems while slashing energy use, offering powerful AI capabilities in smaller, more sustainable forms.

- 2021-2023**
 - Local product market fit.
 - Start scaling unique products.
 - Build customized industrial computing solutions.
 - Kickoff research in neuromorphic computing:
 - Develop an AI application with prediction accuracy 95%+.
 - Reduce power consumed to more than 300+ times.
- 2024**
 - Expand regionally and build global partnerships.
 - Scale unique customized solutions.
 - Scale in at least 2 countries.
 - Launch neuromorphic computing project and share initial results.
 - File patents.
- 2025**
 - Position the company as leader in customized computing solutions.
 - Start developing, building and testing early neuromorphic hardware.
 - Productize first neuromorphic computing application.
- 2026**
 - Scale in all GCC countries.
 - Set the first date to announce a neuromorphic-computing based product.

Computing and IoT solutions:





Clients and Customers:



Key Highlights and Indicators

ITHCA Group Equity Stake %	49%
Investment/Asset Transfer Date	Oct 2020
Investment/Project Description	Onsor Technologies is a vibrant Omani startup engaged in Emerging Technologies (IoT and AI) and the production of Personal Computers.



Space Communication Technology SPC



About Space Communication Technology SPC

Space Communication Technologies LLC was established by the government of Oman in November 2018 with a mission of spearheading the national satellite program initiative by building national satellite communications infrastructure and developing required capabilities to serve public and private sectors, coping with their immediate to long-term telecommunications needs.



Salim Said Al Alawi

Space Communications Technologies, Executive Director

VISION:

To become the leading space solutions services company providing solutions that are Robust, Integrated and Secure.

MISSION:

To provide secure integrated space solutions that would cater the needs of our clients and proactively initiate innovative means to solve problems faced today by the users. With establishing a culture embedded with our core values, we invest in our human capital to deliver our clients the optimal solutions.

GOALS:

- Support the national broadband initiative.
- Building National Capacity in Space Technologies.
- Launching Omani First Satellite.
- SCT to become a center of excellence and a household name.

VALUES:

- **Unity**
- **Innovation**
- **Excellence**
- **Commitment**
- **Integrity**
- **Proactive**

Space Communication Technologies Company is proud to play a leading role in Oman's journey towards digital transformation and bridging the gap by providing comprehensive coverage of communication services all over Oman. This is achieved through an integrated system of satellite communications supported by an advanced infrastructure equipped with the state-of-the-art satellite technologies connection to devices and equipment used by individuals, institutions, and various entities.

Today, the company is reaping the fruits of its accomplishments over the few years of its existence. It is considered a pioneer in Oman in providing innovative solutions in the field of satellite communications.

The company has diversified its product offerings to the market by introducing integrated products, including satellite imagery, remote sensing, and Internet of Things (IoT) products via satellite. This translates the company's vision and mission in providing innovative solutions to the telecommunications sector in Oman.

We are committed to maintaining our distinctive reputation and developing its relationships with its customers. The company is characterized by with exceptional skilled team, and we would like to express our thanks, appreciation, and gratitude to the company employees for their diligent efforts in providing our services to the fullest.

Key Projects, Products/Services and Initiatives

Projects Closed in 2023

- Expansion for Capacity (Mobile Backhauling) for a local telecommunication company.
- Providing satellite capacity for contribution services.
- Providing of state of the art equipment to Government entities (multiple contracts).
- Providing support services to government entities.
- Renewal of USO Contract with a local telecommunication company.

Projects/Services

- Providing KU capacity and migration services to a local telecommunication for Mobile Backhauling.
- Providing maritime equipment to governmental entities.
- Providing land mobility equipment & services to governmental entities.
- providing multiple satellite imagery.

Initiatives and Key Developments 2023

- Multiple resellers\ MOU agreements with LEO satellite operators for both remote sensing & Communications.
- Effective contribution in MESC (sponsoring, speaking and exhibiting).
- Multiple workshops in SCT premises for different government delegations.
- participating as speakers in different government space capabilities building programs (NASA Space Hackathon, Makeen Program, ...etc).

Market Analysis

- Rural Areas: Mobile backhauling, Passive Broadband.
- Complementing existing infrastructure to support higher demand.
- Government/ Military Solution Services.
- Disaster Recovery Applications.

Marketing Strategy

- Building Market awareness & Increasing Brand visibility.
- Presence in Domestic & International Events.
- Go to Market Approach & educational workshop for users.

Products & Services

- Passive Space Capacity
- Managed Communication Services Government Encrypted Solutions
- VSAT Services
- Colocation & Hosting
- System Integration
- Remote sensing & Satellite Imagery

Key Highlights and Indicators

ITHCA Group Equity Stake %	100%
Investment/Asset Transfer Date	1 st Jan 2021
Investment/Project Description	Fulfilling the national requirements for satellite services

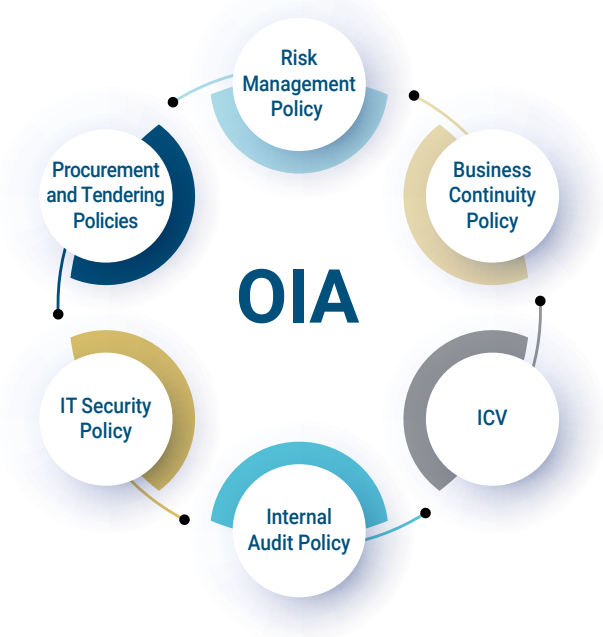
Key Highlights/Indicators (2021-2023)

Key Highlights	2021	2022	2023
Number of Employees	24	23	25
Omanisation %	95.8%	95.6%	96%
Internship/Trainee	17	19	21

Space Communication Technology SPC - Other Information

Governance System

SCT is complied with the set of guidelines and policies cascaded from OIA to the Group



Job Responsibility & Job Localization

Sr. No.	Omanization	96%
1	Empowering SMEs –for core business	71% SMEs
2	Building Omani capabilities – Finance, Supply Chain, Technical, Commercial	+10 opportunities Yearly
3	students Engagement	Annual Basis
4	Recruitment opportunity	For Omanis only
5	Masar Leadership –Etimid National Leadership Program	4 Personnel



Directors' Report and Consolidated Financial Statements for the year ended 31 December 2023

OMAN INFORMATION AND COMMUNICATION TECHNOLOGY GROUP SAOC AND ITS SUBSIDIARIES

DIRECTORS' REPORT AND CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2023

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OMAN INFORMATION AND COMMUNICATION TECHNOLOGY GROUP SAOC
Directors' report for the year ended 31 December 2023

To/ the Shareholders

Dear Sirs,

On behalf of Oman Information and Communication Technologies Group SAOC (the "Company"), the Board of Directors of the Company is pleased to present to you the Directors' report for the financial year ended 31 December 2023.

Overall performance

As a continuation of what was achieved in 2022, the Group has continued working to develop the performance of its companies, raise their efficiency and enable them to contribute effectively to the economic system to ensure the best returns for the Sultanate. During 2023, the Group signed several investment and partnership agreements with local and international parties with the aim of expanding its investment portfolio and supporting the ICT sector in the Sultanate.

Among the most prominent of these projects and achievements during the year 2023 are as follow:

Divestment Plan:

- ITHCA Group effectively executed the divestiture and sale of a 39% ownership interest in Oman Broadband Company SAOC, a subsidiary under its ownership, to Rakiza in the primary phase. The subsequent divestment phase, aiming for an additional 10% stake, is slated for 2024. This transaction, valued at OMR 49.1 million, yielded an internal rate of return of 25.1%.
- The divestment process and the execution of a sales agreement for a 10% share in the Omani Towers Company, owned by the ITHCA Group, is in progress and expected to be closed by end of 2024 as per the Group's strategic objectives to exit and attract foreign investment.

New Investments:

- Investment in the venture capital fund Hambro Perks Oryx Fund LP with a investment commitment of \$3 million. The fund invests in startups led by prominent entrepreneurs from various sectors such as financial, medical, logistics, and educational technologies. ITHCA Group and Hambro Perks Oryx Fund LP have signed an investment agreement aimed at enhancing the startup ecosystem in the Sultanate.
- Additional investment commitment in the venture capital - Cyfr Fund I LP, which invests in startup companies led by prominent entrepreneurs from various sectors such as financial and medical technologies. The total investment commitment amounts to \$5 million.
- Investment in InnoTech and acquisition of a 23% stake in the company at a cost of OMR 0.5 million. The focus will be on investing in 3D printing technology in real estate development and using knowledge with technology to find innovative solutions to enhance this sector.
- Investment in Tayyar Trading SPC (E-Mushrif), which operates the Internet of Things (IoT) technologies and develops innovative solutions for safety systems related to tracking school buses and patient tracking systems, as was the case during the COVID-19 pandemic. The investment value was OMR 1 million (\$2.6 million), with an initial investment of OMR 0.2 million (\$0.5 million) for the company's operations.
- Investment in GSME - GS Microelectronics, U.S. Inc., with a total cost of \$8 million and acquisition of a 34.25% stake in the company. The company, a leading American semiconductor designer, has expanded its operations in Oman by opening a semiconductor design center in Muscat and designing the "Oman-1" and "Oman-2" chips with Omani skills, which will be launched in 2024.

- Investment in Oman Data Networks LLC (DataOm), where ITHCA Group holds a 26% stake. The company specializes in data center systems and global connectivity lines. The investment was made in partnership with Cinturion Corporation Limited (49%) and the Omani Future Telecommunications Company SAOC (Vodafone) (25%).

ITHCA Group Investment Expansion:

Through its subsidiaries and associated investments, ITHCA Group is expanding its investment operations and entering the Gulf and USA markets to achieve financial returns and promote the ICT sector locally and regionally. Below are some examples of the expansion investments:

- Expanding investment operations for Data Migration and Services LLC (Rihal) and entering the Saudi market for the development and implementation of projects in the field of electronic services and information technology, creating smart solutions that make a difference and contribute to the growth of digital business services, such as the Hajj and Umrah platform, among others.
- Launching Onsor Technologies LLC (Onsor), in which ITHCA Group owns a 49% stake, for a 3D computer with a partnership agreement signed with the American company Zspace in March 2023, aiming to develop 3D technology content and export the technology outside the Sultanate to enhance Onsor's position in the world of technology and innovation.
- Expanding investment operations for Innovative Technology for Innovation LLC (InnoTech) Company, in which ITHCA Group owns a 23% stake, and entering the Saudi market through an investment agreement with "Forming Future" Saudi company, where Forming Future joins InnoTech's investment round to develop 3D printing technology in the real estate sector and expand into Gulf and regional markets in the fields of construction automation and manufacturing using 3D printing technology.
- Expanding investment in AirGo Company, one of the startups of the Oman Technology Fund (OTF) which is owned to ITHCA Group and the Ministry of Finance, entering the Saudi market by signing an investment agreement with one of the venture capital funds (Forming Future) in the Kingdom of Saudi Arabia.

Government Digital Transformation Projects:

The management of government digital transformation projects with several ministries and governmental authorities through the Digital Transformation Management Company LLC, a subsidiary of the ITHCA Group. These projects include the unified national electronic services portal with the Ministry of Transport, Communications, and Information Technology, as well as digital transformation projects with the Ministry of Agriculture, Fisheries, and Water Resource, Ministry of Education, and the Consumer Protection Authority.

Principle Activity

The Company is a closed Omani joint stock company registered since 11 December 2018 in accordance with the Commercial Companies Law in the Sultanate of Oman and is wholly owned by the Oman Investment Authority to be an investment arm of the government in partnership with the private sector. The main activity of the Company is to promote investment operations in the digital economy and emerging technologies such as artificial intelligence, internet of things, smart cities, huge data, blockchain and other modern technologies.

Financial performance

Group Consolidated Performance: During the year ended 31 December 2023, Group revenues increased by 14.5% to RO 40.3m as compared to RO 35.3m for the previous year and the net loss attributable to ITHCA's shareholders decreased significantly to RO 1m as compared to RO 5m for the previous year. The decrease in Group loss is mainly due to the strong performance of our key subsidiaries; Oman Broadband Company SAOC and the financial income. The Group assets increased by 28% to RO 398m from RO 310 and is mainly attributable to growth in the investment portfolios and business activities of our key subsidiaries.

Parent Company Performance: During the year ended 31 December 2023, Parent Company revenues increased significantly to RO 22.1m as compared to RO 5m from the previous year and the net profit increased to RO 14.1m as compared to a loss of RO 0.5m from the previous year. The increase in profits is due to dividend and realized gains on partial disposal of our stake in Oman Broadband Company SAOC and an increase in the interest income. The liquidity position of the Parent Company continues to remain robust with a healthy leverage ratio of less than one.

The attached financial statements for the period ending on December 31, 2023, for the ITHCA Group included financial position statements, income statement, changes in equity and cash flows.

Dividends

No dividends were paid or proposed to be paid during the year.

Going Concern

ITHCA Group has a healthy financial position with fixed deposits of RO 58 million, in addition to cash and cash equivalents of RO 26 million placed with local banks, in order to finance its investment operations, whether in new projects, new investment opportunities, or in completion of previously approved projects or expansion of future projects. The Group has net current assets of almost RO 90 million at the end of the year ending on December 31, 2023, which is sufficient for the Group to continue as a going concern.

Governance Systems

In continuation of the series of regulatory frameworks and aiming policies that were formulated by Oman Investment Authority (OIA) with the aim of creating an integrated environment for the governance of companies owned by OIA in accordance with Royal Decree No. 61/2020, the Group was keen to continue and participate in the workshops of the "Rawabat" program, which was implemented by OIA to develop an integrated general framework for the governance of OIA's companies to improve their performance, achieve their objectives, and create a clear relationship with them at all levels.

ITHCA Group is committed to implementing governance systems fully by reviewing and harmonizing the policies and guidelines launched by the agency towards the group's workflow to ensure distinguished management with high standards in terms of appropriate guidance and follow-up tools, as well as minimizing the risks of investment opportunities and thus achieving long-term value for shareholders in general and OIA in particular.

During the year 2023, the Group's annual key performance indicators (KPIs) were approved by the Group's Board of Directors and the shareholders (OIA). Likewise, new Group's Board of Directors was elected in mid of 2023 for the next three years, consisting of seven members from the public and private sectors with excellent experience in various fields, including: investments, general management, strategic planning, accounting, auditing and governance. During the year ending on December 31, 2023, the Group's Board of Directors held 13 meetings, the Audit Committee held 9 meetings, the Board Investment Committee held 5 meetings, the Management Investment Committee held 7 meetings, Major Tender Committee held 5 meetings, and HR and Talent Management Committee held 3 meetings.

On a separate note, all related party transactions were reviewed by the Audit Committee, and approved by the Board of Directors, as well as the annual general meeting in the first quarter of 2023.

Social responsibility and job localization

ITHCA Group was able to retain many of its employees at a high level during the year 2023. The Group and its subsidiaries are also making continuous efforts to recruit Omani employees whenever possible. They were able to achieve a high Omanization rate of more than 98% in most jobs during the year 2023.

During the year ending on December 31 of the year 2023, the group was able to attract more than 200 trainees in "Tamkeen" program - an intensive training program for new graduates - to develop them in all aspects and enable them to acquire the required skills and experience that qualify them in the future to engage in different fields, whether

in the group or its subsidiaries or outside it.

The "Withaq" center of Oman Broadband Company contributed significantly to achieving efficiency and financial savings as a result of the optimal utilization of human resources and central management with the aim of providing support services to the group and its subsidiaries in the field of finance, procurement, human resources, treasury, information systems and legal consulting service, as the business model of the center has become "" Wethaq is more flexible and able to enhance linkage and integration between its subsidiaries.

As of 31st December 2023, ITHCA Group allocated around OMR 50k from its total CSR budget for the Donation Portal "Jood" initiated b by Ministry of Social Development. The group also contributed within the framework of CSR and provided financial support to startups that won awards for excellence in technology at the COMEX 2023 Technology Exhibition in May 2023.

Future vision

The group is making continuous efforts to continue working to achieve the desired goals and achievements during the coming years according to its business plan and it strategy. During the year 2024, the Group will continue the divestment process for a number of investments partially, as in Oman Broadband Co, or completely as in Oman Towers Co. Likewise, the group will also monitor and develop its investments, new projects such as emerging technology projects, the drones project, the cloud services project with Oracle, the digital transformation management project, and the submarine project, as well as completion of broadband network connection projects.

In light of the current situation and in order to strengthen the Group's position as one of the most important pillars of investment to achieve the aspirations and goals of Oman Investment Authority, Digital Oman and Oman Vision 2040, the group will work during the year 2024 to develop and reformulate its strategy to develop the ICT sector towards a prosperous future, and create new horizons and value-added services and promising opportunities to achieve sustainable profitable growth by promoting venture capital investment and focusing on investing in the technologies of the Fourth Industrial Revolution and studying and evaluating investment in potential projects inside and outside the Sultanate in the fields of emerging technology, cybersecurity and other investments in the field of technology in general.

Thank you

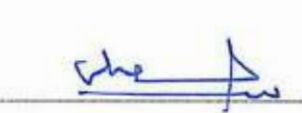
In conclusion, we take this opportunity to express our sincere thanks and gratitude to the OIA, the main shareholder, for their continuous support and unifying visions and policies for the tasks of the companies owned by it, which helped us achieve these good results. We can only express our sincere thanks and appreciation to my fellow Board members for their pioneering leadership qualities, as well as the Company's executive management and all employees of the Company and its subsidiaries without exception for their dedication to work.

We are fully confident as we look forward to the vision of the Company in continuing to achieve good performance, grow to better levels, repeat success in the coming years, and follow the approach of the wise vision of His Majesty Sultan Haitham bin Tariq, to achieve a renewed renaissance in the purpose of construction and development for his dear country and its great people. We ask the Lord Almighty to extend His Majesty's life and wear him the garment of health and wellness and to guide us to what is good and righteous.

On behalf of the Board of Directors



{Name}
Chairman/Deputy Chairman



{Name}
Director



{Name}
Chief Executive Officer

27 March 2024
.....
{Date}





KPMG LLC
Children's Public Library Building
4th Floor, Shatti Al Qurum
P O Box 641, PC 112
Sultanate of Oman
Tel. +968 24 749600, www.kpmg.com/om

Independent auditors' report

To the Shareholder of Oman Information and Communication Technology Group SAOC

Report on the Audit of the Consolidated Financial Statements

Opinion

We have audited the consolidated financial statements of Oman Information and Communication Technology Group SAOC ("the Company") and its subsidiaries ("the Group"), which comprise the consolidated statement of financial position as at 31 December 2023, the consolidated statements of profit or loss and other comprehensive income, changes in equity and cash flows for the year then ended, and notes, comprising material accounting policies and other explanatory 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 2023, 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 (IFRS Accounting Standards).

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 *Auditors' Responsibilities for the Audit of the Consolidated Financial Statements* section of our report. We are independent of the Group in accordance with International Ethics Standards Board for Accountants *International Code of Ethics for Professional Accountants (including International Independence Standards)* (IESBA Code) together with the ethical requirements that are relevant to our audit of the consolidated financial statements in the Sultanate of Oman, 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.

Other Information

Management is responsible for the other information. The other information comprises the Directors' report.

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

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Other Information (continued)

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, 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 IFRS Accounting Standards and their preparation in compliance with the applicable provisions of the Commercial Companies Law of 2019 and the Ministerial Decision 146/2021, 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.

Auditors' 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 auditors' 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.

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 risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

Continued on page 8

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

- 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 auditors' 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 auditors' 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.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance 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.

Report on Other Legal and Regulatory Requirements

We report that these consolidated financial statements comply, in all material respects, with the applicable provisions of the Commercial Companies Law of 2019.

Further, as required by the applicable provisions of the Commercial Companies Law of 2019 and the Ministerial Decision 146/2021, we report that:

- (i) we have obtained all the information and explanations we considered necessary for the purposes of our audit;
- (ii) the Group has maintained accounting records and the financial statements are in agreement therewith;
- (iii) the Group has carried out physical verification of inventories;
- (iv) the financial information included in the Directors' report is consistent with the books of accounts of the Group; and
- (v) based on the information that has been made available to us, nothing has come to our attention which causes us to believe that the Company has contravened during the year ended 31 December 2023 any of the applicable provisions of the Commercial Companies Law of 2019 or of its Articles of Association which would materially affect the financial performance and/or its financial position as at 31 December 2023.

28 March 2024



OMAN INFORMATION AND COMMUNICATION TECHNOLOGY GROUP SAOC AND ITS SUBSIDIARIES

CONSOLIDATED STATEMENT OF FINANCIAL POSITION AS AT 31 DECEMBER

	Note	2023 RO	2022 RO
ASSETS			
Non-current assets			
Property and equipment	6	225,963,250	199,927,727
Right-of-use assets	8	9,028,390	10,604,060
Intangible assets and goodwill	7	265,652	476,908
Equity accounted investee	23	3,784,088	3,291,304
Financial assets at fair value through profit or loss	24	23,255,254	27,733,101
Goodwill	7	-	78,311
Term deposits	12.1	-	26,000,000
		<u>262,296,634</u>	<u>268,111,411</u>
Current assets			
Inventories	25	1,015,539	3,528,186
Trade and other receivables	10	23,435,320	10,284,528
Contract assets	11	727,884	726,923
Due from related parties	34	1,139,300	178,931
Term deposits	12.1	71,148,254	11,137,493
Cash and cash equivalents	12	38,098,485	16,485,497
Retention receivables	22	40,106	40,106
		<u>135,608,888</u>	<u>42,381,664</u>
Total assets		<u>397,901,522</u>	<u>310,493,075</u>
EQUITY AND LIABILITIES			
EQUITY			
Share capital and reserves			
Share capital	13	153,945,173	500,000
Share capital pending registration	26	-	153,445,173
Legal reserve	14	5,681,259	2,755,873
Retained earnings		<u>12,292,582</u>	<u>4,510,497</u>
Equity attributable to the owners of the Company		<u>171,919,014</u>	<u>161,211,543</u>
Non-controlling interests	37	<u>42,618,084</u>	<u>7,205,949</u>
Net equity		<u>214,537,098</u>	<u>168,417,492</u>



OMAN INFORMATION AND COMMUNICATION TECHNOLOGY GROUP SAOC AND ITS SUBSIDIARIES

**CONSOLIDATED STATEMENT OF FINANCIAL POSITION (continued)
AS AT 31 DECEMBER**

	Note	2023 RO	2022 RO
LIABILITIES			
Non-current liabilities			
Borrowings	17	135,058,546	94,345,000
Contract liabilities	15	328,992	332,492
Lease liabilities	19	8,931,701	9,960,263
Deferred tax liabilities	9	8,669,964	8,650,310
Provision for employees' end of service benefits	18	282,415	196,717
		<u>153,271,618</u>	<u>113,484,782</u>
Current liabilities			
Trade and other payables	16	20,182,808	23,129,392
Borrowings	17	8,111,516	3,130,411
Contract liabilities	15	168,290	381,533
Current tax liabilities	9	376,847	279,193
Lease liabilities	19	1,166,703	1,583,629
Due to related party	34	86,642	86,643
		<u>30,092,806</u>	<u>28,590,801</u>
Total liabilities		<u>183,364,424</u>	<u>142,075,583</u>
Total equity and liabilities		<u>397,901,522</u>	<u>310,493,075</u>

The consolidated financial statements along with notes and other explanatory information on pages 9 to 56 were approved by the board of directors on 27 March 2024 and were signed on their behalf by:


CHAIRMAN


DIRECTOR



The notes and other explanatory information on pages 15 to 56 form an integral part of these consolidated financial statements.

Independent auditors' report - pages 5 to 8.

OMAN INFORMATION AND COMMUNICATION TECHNOLOGY GROUP SAOC AND ITS SUBSIDIARIES

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND COMPREHENSIVE INCOME

FOR THE YEAR ENDED 31 DECEMBER

	Note	2023 RO	2022 RO
Revenue from contract with customers	27	6,274,195	4,814,677
Infrastructure lease income	28	34,423,978	26,427,843
Net fair value loss on financial assets at fair value through profit or loss	24	(6,094,034)	(8,366,210)
Interest from debt securities at fair value through profit or loss	24	116,830	276,705
Government subsidy	20	1,500,000	2,378,312
Finance income	30	3,126,797	1,717,781
Other income	29	1,015,462	8,002,333
		<u>40,363,228</u>	<u>35,251,441</u>
Operating costs	31	(6,574,607)	(3,828,161)
Staff costs	33	(9,192,485)	(8,458,185)
Depreciation			
- Own assets	6	(12,061,164)	(10,595,364)
- Right of use assets	8	(1,538,234)	(1,554,402)
Amortization of intangible assets	7	(211,256)	(257,455)
Other expenses	32	(5,724,562)	(4,272,886)
Impairment loss on financial assets	3.1 (b)	(274,598)	(183,095)
Impairment loss on inventory	25	(1,093,031)	-
Impairment loss on goodwill	7	(78,311)	(200,000)
Impairment loss on investment in equity accounted investee	23	(13,604)	(841,095)
Finance costs	30.1	(5,633,473)	(8,521,659)
Share of net loss of investments in equity accounted investee	23	(507,104)	(337,493)
Loss before taxation		<u>(2,539,201)</u>	<u>(3,798,354)</u>
Taxation	9	(430,595)	(3,131,768)
Loss for the period		<u>(2,969,796)</u>	<u>(6,930,122)</u>
Other comprehensive income			
Items that are or may be reclassified subsequently to profit or loss			
Hedging reserve reclassified to profit or loss upon termination	21	-	(1,754,942)
Deferred tax liability reclassified to profit or loss upon termination	21	-	263,241
Total comprehensive loss for the period		<u>(2,969,796)</u>	<u>(8,421,823)</u>
Loss attributable to:			
Owners of the Parent Company		(1,014,904)	(4,969,947)
Non-controlling interests	37	(1,954,892)	(1,960,175)
		<u>(2,969,796)</u>	<u>(6,930,122)</u>
Total comprehensive loss attributable to:			
Owners of the Parent Company		(1,014,904)	(6,461,648)
Non-controlling interests	37	(1,954,892)	(1,960,175)
		<u>(2,969,796)</u>	<u>(8,421,823)</u>

The notes and other explanatory information on pages 15 to 56 form an integral part of these consolidated financial statements.

Independent auditors' report - pages 5 to 8.

OMAN INFORMATION AND COMMUNICATION TECHNOLOGY GROUP SAOC AND ITS SUBSIDIARIES
CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 DECEMBER

	Share Capital RO	Share capital pending registration RO	Legal reserve RO	Retained earnings RO	Total RO	Non-controlling interests RO	Total RO
At 1 January 2023	500,000	153,445,173	2,755,873	4,510,497	161,211,543	7,205,949	168,417,492
Total comprehensive income for the period							
Loss for the period	-	-	-	(1,014,904)	(1,014,904)	(1,954,892)	(2,969,796)
<i>Other comprehensive loss</i>	-	-	-	-	-	-	-
Total comprehensive loss for the period	-	-	-	(1,014,904)	(1,014,904)	(1,954,892)	(2,969,796)
Transfer to legal reserve	-	-	2,925,386	(2,925,386)	-	-	-
Transfer of share capital pending registration	153,445,173	(153,445,173)	-	-	-	-	-
Transactions with owners of the Company							
Partial disposal of subsidiary (note 37)	-	-	-	11,722,375	11,722,375	-	11,722,375
Addition of NCI on partial disposal of subsidiary (note 37)	-	-	-	-	-	37,367,027	37,367,027
At 31 December 2023	153,945,173	-	5,681,259	12,292,582	171,919,014	42,618,084	214,537,098

OMAN INFORMATION AND COMMUNICATION TECHNOLOGY GROUP SAOC AND ITS SUBSIDIARIES

**CONSOLIDATED STATEMENT OF CHANGES IN EQUITY (continued)
FOR THE YEAR ENDED 31 DECEMBER**

	Attributable to owners of the Company							
	Share Capital RO	Share capital pending registration RO	Legal reserve RO	Hedging reserve RO	Retained earnings RO	Total RO	Non-controlling interests RO	Total RO
At 1 January 2022	500,000	153,445,173	2,755,873	1,491,701	9,480,444	167,673,191	6,810,904	174,484,095
Total comprehensive income for the period	-	-	-	-	(4,969,947)	(4,969,947)	(1,960,175)	(6,930,122)
Loss for the period	-	-	-	-	-	-	-	-
<i>Other comprehensive loss</i>	-	-	-	(1,754,942)	-	(1,754,942)	-	(1,754,942)
Hedging reserve reclassified to profit or loss upon termination (note 21)	-	-	-	-	-	-	-	-
Deferred tax liability reclassified to profit or loss upon termination (note 21)	-	-	-	263,241	-	263,241	-	263,241
Total comprehensive loss for the period	-	-	-	(1,491,701)	(4,969,947)	(6,461,648)	(1,960,175)	(8,421,823)
Transactions with owners of the Company	-	-	-	-	-	-	-	-
Additional capital contribution by shareholder	-	-	-	-	-	-	2,355,220	2,355,220
At 31 December 2022	500,000	153,445,173	2,755,873	-	4,510,497	161,211,543	7,205,949	168,417,492

The notes and other explanatory information on pages 15 to 56 form an integral part of these consolidated financial statements. Independent auditors' report - pages 5 to 8.

OMAN INFORMATION AND COMMUNICATION TECHNOLOGY GROUP SAOC AND ITS SUBSIDIARIES

CONSOLIDATED STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 31 DECEMBER

	Note	2023 RO	2022 RO
Cash flows from operating activities			
Loss for the period		(2,969,796)	(6,930,122)
Adjustments for:			
Taxation	9	430,595	3,131,768
Depreciation of property and equipment	6	12,061,164	10,595,364
Amortization of intangible assets	7	211,256	257,455
Depreciation on right of use assets	8	1,538,234	1,554,402
Loss on disposal of property and equipment	6	-	37,091
Finance income	30	(3,126,797)	(1,717,781)
Finance costs	30.1	5,633,473	8,521,659
Share of loss in equity accounted investee	23	507,104	337,493
Impairment loss on financial assets	3.1	274,598	183,095
Impairment loss on inventory	25	1,093,031	-
Reversal of employees' end of service benefits	18	-	(125,270)
Impairment loss on goodwill	7	78,311	200,000
Impairment loss on equity accounted investee	23	13,604	841,095
Net fair value gains on financial assets at fair value through profit or loss	24	6,094,034	8,366,210
Interest from debt securities at fair value through profit or loss	24	(116,830)	(276,705)
Employees' end of service benefits	18	144,221	88,984
		21,866,202	25,064,738
Changes in:			
Inventories		1,419,616	(2,892,036)
Trade and other receivables		(12,469,532)	1,360,880
Contract assets		(961)	836,947
Due from related parties		(960,369)	(178,931)
Government grant		-	(378,312)
Trade and other payables		(3,305,151)	6,977,678
Contract liabilities		(216,743)	(218,858)
Cash generated from operating activities		6,333,062	30,572,106
Income tax paid	9	(313,287)	(3,756)
Employees' end of service benefits paid	18	(58,523)	(11,609)
Net cash from operating activities		5,961,252	30,556,741
Cash flows from investing activities			
Acquisition of property and equipment	6	(38,096,687)	(33,378,068)
Interest received		2,170,937	3,344,561
Acquisition of intangible assets	7	-	(4,076)
Acquisition of financial assets at fair value through profit or loss	24	(1,581,837)	(4,268,198)
Proceeds from partial disposal of subsidiary		49,089,402	-
Proceeds from disposal of financial assets at fair value through profit or loss	24	82,480	193,571
Investment in equity accounted investee	23	(1,013,492)	(3,413,380)
Net movement in term deposits	12.1	(34,010,761)	5,756,967
Net cash used in investing activities		(23,359,958)	(31,768,623)
Cash flows from financing activities			
Additional capital contribution from shareholders		-	2,355,220
Interest paid during the period		(4,685,595)	(9,742,671)
Repayment of long term loans	17	(3,130,411)	(91,945,246)
Proceeds from long term loans	17	48,750,406	95,247,773
Payment of lease liabilities	19	(1,408,052)	(1,376,600)
Finance cost paid on lease liabilities	19	(514,654)	(538,977)
Net cash from / (used in) financing activities		39,011,694	(6,000,501)
Net increase / (decrease) in cash and cash equivalents		21,612,988	(7,212,383)
Cash and cash equivalents at 1 January		16,485,497	23,697,880
Cash and cash equivalents at 31 December	12	38,098,485	16,485,497

The notes and other explanatory information on pages 15 to 56 form an integral part of these consolidated financial statements.

Independent auditors' report - pages 5 to 8.

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2023 (continued)**

1 Legal status and principal activities

Oman Information and Communication Technology Group SAOC (“the Parent Company”) and its subsidiaries together (the “Group”) are primarily engaged in various activities in the telecommunication sector including develop the infrastructure and providing an integrated network of broadband in the Sultanate of Oman using optical fiber or other alternative technology, trading of computers and computer accessories and undertake all other activities necessary for this purpose. The Group also undertakes investment in technology based start-ups and helps them develop the business idea with an intent to ultimately exit the investments.

The Parent Company was established in accordance with the announcement of The Ministry of Transport and Communications. Ministry of Commerce and Industry issued its administrative decision No. 06/2019 licensing to establish the Parent Company as a closed joint stock company. The Parent Company was incorporated as a closed joint stock Company on 11 December 2018. As a part of the consolidation of the Information and Communication Technology sector by the Government of the Sultanate of Oman, certain entities that were owned directly by the Government or Government owned entities have been transferred to the Parent Company as of 1 January 2021. The transfer of subsidiaries has been accounted for under the predecessor basis of accounting as it is considered a common control transaction (refer note 2.2 for detailed accounting policy).

The share capital of the Parent Company is wholly owned by the Government of the Sultanate of Oman through Oman Investment Authority (the “Ultimate Parent Company” or “OIA”). Oman Investment Authority registered office and principal place of business is situated at P.O. Box 188, PC 100, Sultanate of Oman.

The country of incorporation and principal activities of the subsidiaries and joint ventures of the Parent Company are set out below:

At 31 December	Country of incorporation	Share holding 2023	Share holding 2022	Principal activities
Subsidiaries		%	%	
Oman Broadband Company SAOC	Oman	61	100	Optic fibre network related services
Space Communication Technology SPC	Oman	100	100	Satellite services and sale of terminals
Technology Investment and Management Company LLC	Oman	100	100	Administrative and management services
Onsor Technologies LLC	Oman	49*	49	Trading of computer equipment
Oman Technology Fund Holding Company SAOC	Oman	78.6	69.3	Investment Management Company
Digital Transformation Management Company LLC	Oman	100	100	To provide oracles related services
Joint venture (note 23)				
Blockchain Solutions and Services LLC	Oman	49	49	Development and services in the IT sector
Associates (note 23)				
Data Migration and Services LLC (RIHAL)	Oman	20	20	Convert and migrate your organization from a document-based mentality to a robust data mentality
Prime Business Solutions LLC (OSOS)	Oman	20	20	Prime Business Solutions (PBS) is a leading Omani ISV and solutions organization providing solutions to industries of different types and sizes.
Oman Horizon LLC	Oman	25	25	Company is working in Sports, Health Clubs business activities.
Innovative Technology for Innovation LLC	Oman	23	-	The company is involved in 3D printing technology in real estate development
Oman Data Network LLC	Oman	26	-	The company specializes in data centre systems and global connectivity lines.

*Although the Parent Company holds 49% in Onsor Technologies LLC, it has the ability to direct the relevant activities of the Onsor Technologies LLC along with exposure to variable returns and therefore the investment has been classified as a subsidiary.

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2023 (continued)**

2 Summary of material accounting policies

The principal accounting policies applied in the preparation of these consolidated financial statements are summarised below. These policies are consistently applied for all the years presented, unless otherwise stated.

2.1 Basis of preparation

(a) Compliance with IFRS

The consolidated financial statements are prepared on the historical cost basis in accordance with International Financial Reporting Standards (IFRS), interpretations issued by the IFRS Interpretations Committee (IFRS IC) and the requirements of the Commercial Companies Law of 2019. The consolidated financial statements comply with IFRS as issued by International Accounting Standards Board (IASB). The consolidated financial statements have been presented in Rials Omani (“RO”), which is also the functional currency of the Group.

(b) Historical cost convention

These consolidated financial statements have been prepared on a historical cost basis except where otherwise described in the accounting policies below.

(c) The preparation of consolidated financial statements in conformity with IFRS requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Group’s accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the consolidated financial statements are disclosed in note 4.

(d) New standards or amendments for 2023 and forthcoming requirements

A number of new standards, amendments to standards and interpretations are effective for the periods beginning on or after 1 January 2023. Those, which are relevant to the Group, are set out below.

- Onerous Contracts – Cost of Fulfilling a Contract (Amendments to IAS 37);
- IFRS 17 Insurance contracts;
- Disclosure of Accounting Policies (Amendments to IAS 1 and IFRS Practice Statement 2);
- Definition of Accounting estimates (Amendments to IAS 8);
- Pillar two model rules - Amendments to IAS 12; and
- Deferred Tax related to Assets and liabilities arising from a single Transaction (Amendments to IAS 12).

These standards do not have any material impact on these financial statements.

Material accounting policy information

The Group has also adopted Disclosure of Accounting Policies (Amendment to IAS 1 and IFRS Practice Statement 2) from 1 January 2023. Although the amendments did not result in any changes to the accounting policies themselves, they impacted the accounting policy information disclosed in the financial statements.

The amendments require the disclosure of ‘material, rather than significant, accounting policies. The amendments also provide guidance on the application of materiality to disclosure of accounting policies, assisting entities to provide useful, entity-specific accounting policy information that users need to understand other information in the financial statements.

Management reviewed the accounting policies and made updates to the information disclosed in material accounting policies (2022: significant accounting policies) in certain instances inline with the amendments.

(e) New and revised IFRS in issue but not yet effective

The following new or amended standards are not expected to have a significant impact on the Group's financial statements.

- Amendments to IAS 1, Presentation of financial statements’ on classification of liabilities. Effective date of this amendment is for annual periods beginning on or after 1 January 2024;
- Lease Liability in a Sale and Leaseback (Amendments to IFRS 16). Effective date of this amendment is for annual periods beginning on or after 1 January 2024;
- Amendment to IAS 7 and IFRS 7, Supplier Finance Arrangements. Effective date of this amendment is for annual periods beginning on or after 1 January 2024;
- Non-current Liabilities with Covenants (Amendments to IAS 1). Effective date of this amendment is for annual periods beginning on or after 1 January 2024; and
- Amendments to IAS 21, Lack of Exchangeability). Effective date of this amendment is for annual periods beginning on or after 1 January 2025;

There are no other IFRS standards, amendments or interpretations that are expected to have a material impact on the Group.

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2023 (continued)**

2 Summary of material accounting policies (continued)

2.2 Basis of consolidation

(a) Business combination

The Group accounts for business combinations under common control using the predecessor accounting, where control is transferred to the Group from the shareholders under common control. The principle basis of predecessor accounting are:

- Assets and liabilities of the acquired entity are stated at predecessor carrying values from the date of transfer. Fair value measurement is not required.
- No new goodwill arises in predecessor accounting.
- Any difference between the consideration given and the aggregate carrying value of the assets and liabilities of the acquired entity at the date of the transaction is included in equity in retained earnings or in a separate reserve.

For the acquired entities outside the Group, the consideration transferred in the acquisition is generally measured at fair value, as are the identifiable net assets acquired. Any goodwill that arises is tested annually for impairment. Any gain on a bargain purchase is recognised in profit or loss immediately. Transaction costs are expensed as incurred, except if related to the issue of debt or equity securities.

The consideration transferred does not include amounts related to the settlement of pre-existing relationships. Such amounts are generally recognised in profit or loss.

(b) Subsidiaries

Subsidiaries are all entities (including structured entities) over which the group has control. The Group controls an entity when the Group is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. Subsidiaries are fully consolidated from the date on which control is transferred to the Group. They are deconsolidated from the date that control ceases. Losses applicable to the non-controlling interests in a subsidiary are attributed to the non-controlling interests even if this results in the non-controlling interests having a deficit balance.

Upon loss of control, the Group derecognises the assets and liabilities of the subsidiary, any non-controlling interests and the other components of equity related to the subsidiary. Any surplus or deficit arising on the loss of control is recognised in the consolidated statement of comprehensive income. If the Group retains any interest on entity that was a subsidiary in the past, then such interest is measured according to IFRS 9 after the control is lost. Subsequently, it is accounted for as associate, joint venture or as a financial asset depending on the level of influence retained.

The financial statements of the subsidiaries are prepared for the same reporting year as the Parent Company, using consistent accounting policies.

(c) Joint arrangements

Under IFRS 11 Joint Arrangements investments in joint arrangements are classified as either joint operations or joint ventures. The classification depends on the contractual rights and obligations of each investor, rather than the legal structure of the joint arrangement.

Group has assessed the nature of its joint arrangements and determined them to be joint ventures. Interests in joint ventures are accounted for using the equity method, after initially being recognised at cost in the consolidated balance sheet.

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2023 (continued)**

2 Summary of material accounting policies (continued)

2.2 Basis of consolidation (continued)

(d) Equity method

Under the equity method of accounting, interests are initially recognised at cost and adjusted thereafter to recognise the Group's share of the post-acquisition profits or losses and movements in other comprehensive income. Dividends received or receivable from associates and joint ventures are recognised as a reduction in the carrying amount of the investment. When the Group's share of losses in a joint venture equals or exceeds its interest in the joint ventures, including any other unsecured long-term receivables, the Group does not recognise further losses, unless it has incurred obligations or made payments on behalf of another entity.

Unrealised gains on transactions between the Group and its associates and joint ventures are eliminated to the extent of the Group's interest in these entities. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred. Accounting policies of the equity accounted investees have been changed where necessary to ensure consistency with the policies adopted by the Group.

Where there has been a change recognised directly in the equity of the joint venture, the Group recognises its share of any changes and discloses this, when applicable, in the profit or loss section of the consolidated statement of comprehensive income.

(e) Transactions eliminated on consolidation

Inter-company transactions, balances and unrealised gains on transactions between group companies are eliminated. Unrealised losses are also eliminated. When necessary, amounts reported by subsidiaries are adjusted to conform to the group's accounting policies.

(f) Non-controlling interests

Transactions with non-controlling interests that do not result in loss of control are accounted for as equity transactions – that is, as transactions with the owners in their capacity as owners. The difference between fair value of any consideration paid and the relevant share acquired of the carrying value of net assets of the subsidiary is recorded in equity reserve attributable to the parent. Gains or losses on disposals to non-controlling interests are also recorded in equity reserve attributable to the parent.

(g) Consolidation of investment entity

The Group has a subsidiary which meets the definition of an investment entity under the provisions of IFRS 10 Consolidated Financial Statements and therefore does not consolidate the controlled investees. The Parent Company does not qualify as an investment entity under IFRS 10 because, amongst other things, its purpose is not to invest funds solely for capital appreciation and/or investment income.

In the subsidiary's financial statements, the controlled investees are carried at fair value through profit or loss; however, the Parent Company consolidates all of the controlled investees, including the subsidiary.

2.3 Foreign currency transactions

Transactions in foreign currencies are translated into Rial Omani at the exchange rates at the dates of the transactions.

Monetary assets and liabilities denominated in foreign currencies are translated into the Rial Omani at the exchange rate at the reporting date. Non-monetary assets and liabilities that are measured at fair value in a foreign currency are translated into the Rial Omani at the exchange rate when the fair value was determined. Non-monetary items that are measured based on historical cost in a foreign currency are translated at the exchange rate at the date of the transaction. Foreign currency differences are generally recognised in profit or loss and presented within finance costs.

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2023 (continued)**

2 Summary of material accounting policies (continued)

2.4 Property and equipment

Property and equipment are stated at cost less accumulated depreciation less any identified impairment losses if any. The cost of property and equipment is the purchase price together with any directly attributable costs of bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management. Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. All other repairs and maintenance are charged to the consolidated statement of comprehensive income during the financial period in which they are incurred.

Depreciation is calculated so as to write off the cost of property and equipment on a straight line basis over the expected useful economic lives of the assets concerned. The estimated useful lives are as follows:

	Years
Fiber optics	20
Office and other equipment	3 – 15
Furniture and fixtures	5-8
Motor vehicles	3
Home connection	20
Buildings	20

Gains and losses on disposal of property and equipment are determined by reference to their carrying amounts and are taken into account in determining operating profit.

The carrying values of property and equipment are reviewed for impairment when events or changes in circumstances indicate the carrying value may not be recoverable. If any such indication exists and where the carrying values exceed the estimated recoverable amount, the assets are written down to their recoverable amount.

Capital work-in-progress is carried at cost, less any recognised impairment loss. This includes cost of construction, property and equipment and other direct costs associated to construction. When commissioned, capital work-in-progress is transferred to the appropriate categories of property and equipment and depreciated in accordance with depreciation policies.

2.5 Intangible assets and goodwill

Intangible assets acquired in a business combination are recognised separately from goodwill if they:

- meet IFRS 3's general recognition principles - assets acquired and liabilities assumed are recognised if they meet the definition of an asset or liability in the Conceptual Framework for Financial Reporting, and
- are identifiable.

According to IAS 38, an acquired intangible asset is identifiable if it meets either of the following criteria:

- Contractual/legal - arising from contractual or legal rights, regardless of whether those rights are transferable or separable from the entity or from other rights and obligations
- Separable - capable of being separated or divided from the acquiree and sold, transferred, licensed, rented or exchanged either individually or together with a related contract, identifiable asset or liability.

Intangible assets other than goodwill that have been acquired and have finite lives are measured at fair value upon acquisition less accumulated amortisation and any accumulated impairment losses.

Intangible assets represent the cost of acquired computer software and the related license cost. Intangible asset is measured at cost less accumulated amortisation and accumulated impairment loss if any. Amortisation is recognised in the consolidated statement of comprehensive income on a straight-line basis over three years.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2023 (continued)

2 Summary of material accounting policies (continued)

2.5 Intangible assets and goodwill (continued)

Goodwill

Goodwill on acquisitions of subsidiaries is included in intangible assets. Goodwill acquired in a business combination is initially measured at cost being the excess of the consideration paid over the Group's interest in the net fair value of the separately identifiable assets and liabilities acquired. Following initial recognition, goodwill is measured at cost less any accumulated impairment losses. Goodwill is reviewed for impairments, annually, or more frequently if events or changes in circumstances indicate that the carrying value may be impaired.

For the purpose of impairment testing, goodwill acquired in a business combination is allocated to each of the Group's cash-generating units that are expected to benefit from the synergies of the combination, irrespective of whether other assets or liabilities of the Group are assigned to those units or groups of units. Each unit or group of units to which the goodwill is so allocated represents the lowest level within the Group at which the goodwill is monitored for internal management purposes.

Impairment is determined by assessing the recoverable amount of the cash-generating unit (group of cash-generating units), to which the goodwill relates. Where the recoverable amount of the cash-generating unit (group of cash-generating units) is less than the carrying amount, an impairment loss is recognised. Where goodwill forms part of a cash-generating unit (group of cash-generating units) and part of the operation within that unit is disposed of, the goodwill associated with the operation disposed of is included in the carrying amount of the operation when determining the gain or loss on disposal of the operation. Goodwill disposed in this circumstance is measured based on the relative values of the operation disposed of and the portion of the cash-generating unit retained.

The recoverable amount of a cash generating unit (CGU) is determined based on value-in-use calculations which require the use of assumptions. The calculations use cash flow projections based on financial forecasts approved by the Board of Directors, contractual cash flows and projections by the management using industry reports, consultant's forecast and other data available to the management.

2.6 Financial instruments

(i) Recognition and Initial measurement of financial instruments

Trade receivables are initially recognised when they are originated. All other financial assets and financial liabilities are initially recognised when the Group becomes a party to the contractual provisions of the instrument. A financial asset (unless it is a trade receivable without a significant financing component) or financial liability is measured initially at fair value plus or minus, for an item not at fair value through profit or loss account, transaction costs that are directly attributable to its acquisition or issue.

The principal financial instruments used by the Group, from which financial instrument risk arises, are as follows

1. Trade and other receivable
2. Cash and cash equivalent
3. Borrowings
4. Trade and other payables
5. Term deposit
6. Financial assets at fair value through profit or loss
7. Due from / to related parties

(ii) Classification and initial measurement

Financial assets

On initial recognition, a financial asset is classified as measured at amortised cost; fair value through other comprehensive income [FVOCI] – debt instruments; fair value through other comprehensive income - equity instruments; or fair value through profit or loss account [FVTPL].

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2023 (continued)

2 Summary of material accounting policies (continued)

2.6 Financial instruments (continued)

(ii) Classification and initial measurement (continued)

Financial assets are not reclassified subsequent to their initial recognition unless the Group changes its business model for managing financial assets, in which case all affected financial assets are reclassified on the first day of the first reporting period following the change in business model.

Financial assets – Business model assessment

The Group makes an assessment of the objective of the business model in which a financial asset is held at a portfolio level because this best reflects the way the business is managed and information is provided to management. The information considered includes:

- The stated policies and objectives for the portfolio and the operations of these policies in practice.
- How the performance of portfolio is evaluated and reported to the management.
- The risks that affect the performance of the business model and how these risks are managed.
- How managers of the business are compensated.
- The frequency, volume and timing of sale of financial assets in prior periods.

A financial asset is measured at amortised cost if it meets both of the following conditions and is not designated as at fair value through profit or loss account:

Business model test: The objective of the entity's business model is to hold the financial asset to collect the contractual cash flows (rather than to sell the instrument prior to its contractual maturity to realize its fair value changes).

Cash flow characteristics test: 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.

Financial assets at fair value through other comprehensive income

Equity instruments which are not held for trading or issued as contingent consideration in business combination, and for which the Group has made an irrevocable election at initial recognition to recognise changes in fair value through other comprehensive income rather than profit or loss. This election is made on an investment-by-investment basis.

A debt investment is measured at FVOCI if it meets both of the following conditions and it is not designated as at FVTPL:

- It is held within a business model whose objective is achieved by both collecting contractual cashflows and selling financial assets; and
- Its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Financial assets at fair value through profit or loss account

All financial assets not classified as measured at amortised cost or fair value through other comprehensive income as described above are measured at fair value through profit or loss account. This includes derivative financial assets

On initial recognition, the Group may irrevocably designate a financial asset that otherwise meets the requirements to be measured at amortised cost or at FVOCI as at FVTPL if doing so eliminates or significantly reduces an accounting mismatch that would otherwise arise.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2023 (continued)

2 Summary of material accounting policies (continued)

2.6 Financial instruments (continued)

(ii) Classification and initial measurement (continued)

Financial liabilities

Financial liabilities are classified as measured at amortised cost or fair value through profit or loss. A financial liability is classified as at fair value through profit or loss if it is classified as held-for-trading, it is a derivative or it is designated as such on initial recognition. Financial liabilities at FVTPL are measured at fair value and net gains and losses, including any interest expense, are recognised in profit and loss. Other financial liabilities are subsequently measured at amortized cost using the effective interest method. Interest expense and foreign exchange gain and losses are recognised in profit and loss. Any gain or loss on derecognition is also recognised in profit or loss.

(iii) Subsequent measurement and gain or losses of financial assets

Financial assets at amortised cost:

These assets are subsequently measured at amortised cost using the effective interest method. The amortised cost is reduced by impairment losses. Interest income, foreign exchange gains and losses and impairment are recognised in the profit or loss account. Any gain or loss on derecognition is recognised in the profit or loss account.

Financial assets at fair value through other comprehensive income

a) Debt instruments

These assets are subsequently measured at fair value. Interest income calculated using the effective interest method, foreign exchange gains and losses and impairment are recognised in the profit or loss account. Other net gains and losses are recognised in the statement of other comprehensive income. On derecognition, gains and losses accumulated in the statement of other comprehensive income are reclassified to the profit or loss account.

b) Equity instruments

These assets are subsequently measured at fair value. Dividends are recognised as income in the profit or loss account unless the dividend clearly represents a recovery of part of the cost of the investment. Other net gains and losses are recognised in the statement of other comprehensive income and are never reclassified to the profit or loss account.

Financial assets at fair value through profit or loss

These assets are subsequently measured at fair value. Net gains and losses, including any interest or dividend income, are recognised in the profit or loss account.

(iv) Subsequent measurement and gain or losses of financial liabilities

Financial liabilities are subsequently measured at amortised cost using the effective interest method, if applicable. The effective interest method is the 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 through the expected life of the financial liability to the net carrying amount on initial recognition.

Interest expense and foreign exchange gains and losses are recognised in the profit or loss account. Any gain or loss on derecognition is also recognised in the profit or loss account.

(v) Reclassification of financial assets

The Group will only reclassify financial assets if, and only if, the objective of the business model for managing those financial assets is changed. Such changes are expected to be very infrequent as these changes must be significant to the Group's operations and demonstrable to external parties.

If the Group determines that its business model has changed in a way that is significant to its operations, then it reclassifies all affected assets prospectively from the first day of the next reporting period (the reclassification date). Prior periods are not restated.

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2023 (continued)**

2 Summary of material accounting policies (continued)

2.6 Financial instruments (continued)

(vi) Reclassification of financial liabilities

The Group determines the classification of financial liabilities on initial recognition. Subsequent reclassification is not allowed.

(vii) Derecognition of financial assets

The Group derecognise financial asset when:

- a) The contractual rights to receive cash flows from the financial asset have expired; or
- b) The Group transfers the right to receive the contractual cash flows in a transaction in which either:
 - Substantially all of the risks and rewards of ownership of the financial asset are transferred; or
 - The Group neither transfers nor retains substantially all of the risks and rewards of ownership and it does not retain control of the financial asset.

The Group enters into transactions whereby it transfers assets recognised in its statement of financial position, but retains either all or substantially all of the risks and rewards of the transferred assets. In these cases, the transferred assets are not derecognised.

(viii) Derecognition of financial liabilities

A financial liability is derecognised when the contractual obligation under the liability is discharged or cancelled or expired. The Group also recognizes a financial liability when its terms are modified and the cash flows of the modified liability are substantially different, in which case a new financial liability based on the modified terms is recognised at fair value.

On derecognition of a financial liability, the difference between the carrying amount extinguished and the consideration paid, including any non-cash assets transferred or liabilities assumed, is recognised in profit or loss.

(ix) Offsetting

Financial assets and financial liabilities are offset, and the net amount reported in the 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.

(x) Impairment of financial assets

The Group recognizes expected credit loss on financial assets measured at amortized cost, contract assets receivables, lease receivables and debt investments at FVOCI, but not on investments in equity instruments. The financial assets at amortized cost consist of trade receivables and cash and cash equivalents.

The Group measures loss allowance at an amount equal to lifetime ECLs, except for the following, which are measured as 12- month ECLs:

- Financial assets that are determined to have low credit risk at the reporting date; and
- Finance assets for which credit risk (i.e. the risk of default occurring over the expected life of the financial instrument) has not increased significantly since initial recognition.

Loss allowance for trade receivables and contract assets are always measured at an amount equal to lifetime ECLs.

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2023 (continued)**

2 Summary of material accounting policies (continued)

2.6 Financial instrument (continued)

(x) Impairment of financial assets (continued)

General approach

The Group applies a three-stage approach to measuring ECL. Assets migrate through the three stages based on the change in credit quality since initial recognition. Financial assets with significant increase in credit risk since initial recognition, but not credit impaired, are transitioned to stage 2 from stage 1 and ECL is recognized based on the probability of default (PD) of the counter party occurring over the life of the asset. All other financial assets are considered to be in stage 1 unless it is credit impaired and an ECL is recognized based on the PD of the customer within next 12 months. Financial assets are assessed as credit impaired when there is a detrimental impact on the estimated future cash flows of the financial asset. The Group applies general approach to all financial assets except trade receivable without significant financing component.

Significant increase in credit risk

When determining whether the credit risk of a financial asset has increased significantly since initial recognition and when estimating ECLs, the Group considers reasonable and supportable information that is relevant and available without undue cost or effort. This includes both quantitative and qualitative information and analysis, based on the Group's historical experience and informed credit assessment and including forward- looking information.

Default

The Company considers a financial asset to be in default when the borrower is unlikely to pay its credit obligations to the Group in full, without recourse by the Company to actions such as realizing security (if any is held) or based on the certain delinquency period (days past due).

Simplified approach

The Group applies simplified approach to measuring credit losses, which mandates recognition of lifetime expected loss allowance for trade receivables without significant financing component. Under simplified approach, there is no need to monitor for significant increases in credit risk and the Group will be required to measure lifetime expected credit losses at all times.

Credit-impaired financial assets

At each reporting date, the Group assesses whether financial assets carried at amortised cost are credit impaired. A financial asset is 'credit-impaired' when one or more events that have a detrimental impact on the estimated future cash flows of the financial asset have occurred.

Write-off

The gross carrying amount of a financial asset is written off (either partially or in full) to the extent that there is no realistic prospect of recovery. This is generally the case when the Group determines that the debtor does not have assets or sources of income that could generate sufficient cash flows to repay the amounts subject to the write-off. However, financial assets that are written off could still be subject to enforcement activities in order to comply with the Group's procedures for recovery of amounts due.

2.7 Cash and cash equivalents

For the purpose of presentation in the consolidated statement of cash flows, cash and cash equivalents includes cash in hand, cash at banks, deposits held at call with financial institutions, other short-term, net of bank overdraft, highly liquid investments with original maturities of three months or less that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value.

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2023 (continued)**

2 Summary of material accounting policies (continued)

2.8 Employees' end of service benefits

End of service benefits are accrued in accordance with the terms of employment of the Group's employees at the reporting date, having regard to the requirements of the Oman Labour Law 2003 and its amendments and IAS 19 – Employee benefits as amended. Employee entitlements to annual leave and leave passage are recognised when they accrue to employees and an accrual is made for the estimated liability arising as a result of services rendered by employees up to the reporting date. These accruals are included in current liabilities, while the provision relating to end of service benefits is disclosed as a non-current liability.

Contributions to a defined contribution retirement plan and occupational hazard insurance for Omani employees in accordance with the Omani Social Insurances Law of 1991 are recognised as an expense in the statement of comprehensive income as incurred.

2.9 Provisions

Provisions are recognised when the Group has a present legal or constructive obligation as a result of past events; it is probable that an outflow of resources will be required to settle the obligation and the amount can be reliably estimated. Provisions are not recognised for future operating losses.

Provisions are measured at the present value of the expenditure expected to be required to settle the obligation using a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the obligation. The increase in the provision due to passage of time is recognised as an interest expense in the consolidated statement of comprehensive income.

2.10 Revenue

The accounting policies for the Group's revenue from contracts with customers are as follows;

(i) Revenue from infrastructure network (Operating lease income)

The Group provides network related services like basic end user connection, backhauling, colocation, Dense wavelength-division multiplexing to the customers in Sultanate of Oman. Provision of these services involves use of identified assets from which the customers are obtaining all benefits which they have the right to direct, hence accounted for under the requirements of IFRS 16. The pricing is based on the fixed rates specified in the underlying contracts with the customers. The Group's billing cycle ranges from annually to monthly with a credit term of upto 30 days of receipt of invoice.

(ii) Revenue from contract with customers

Type of product / service	Nature and timing of satisfaction of performance obligations, including significant payment terms	Revenue recognition policies
Revenue from fiber optic network construction service	Revenue from construction contracts is recognized as the performance obligation is satisfied over time. The Group's billing cycle on monthly basis with a credit term of upto 60 days of receipt of invoice.	Revenue from providing fiber optic network construction service on fixed price contracts is recognised over a period of time based on the output method. Output methods based on the surveys of performance completed to date on the milestones reached.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2023 (continued)

2 Summary of material accounting policies (continued)

2.10 Revenue (continued)

Type of product / service	Nature and timing of satisfaction of performance obligations, including significant payment terms	Revenue recognition policies
Revenue from infrastructure network related service	Services are delivered to a location designated by the customers. Customer obtains control when the services are delivered. The Group's billing cycle ranges from annually to monthly with a credit term of upto 30 days of receipt of invoice.	Revenue from other related service is recognised point in time in the accounting period in which these services are performed and control transferred to the customers. The pricing is based on the rates specified in the underlying contracts with the customers.
Revenue from consultancy services	Revenue from consultancy services is recognized point in time in the accounting period in which the services are rendered. The Group's billing cycle on monthly basis with a credit term of upto 60 days of receipt of invoice.	The Group generates revenue from consultancy services under a fixed price contract with Royal Court of Affairs (RCA) for delivering Enterprise Resource Planning (ERP Solution). The Group is responsible for delivering support services once the RCA ERP implementation goes live. Revenue is recognised based on the price specified in the contract. Revenue is only recognised to the extent that it is highly probable that a significant reversal will not occur. No element of financing is deemed present as the services are rendered with standard credit terms which is consistent with market practice.
Revenue from the sale and installation of terminals	Revenue will be recognised at point in time upon delivery of terminals. The Group's billing cycle on monthly basis with a credit term of upto 60 days of receipt of invoice.	The Group recognises revenue for the sale of terminals when it transfers control of the terminals to the customer, which is typically when the Group transfers title, physical possession, and the significant risks and rewards of the equipment to the customer.
Revenue from the sale of computers	Revenue is recognised at point in time upon delivery of computer or rendering of the services. The Group's billing cycle on monthly basis with a credit term of upto 60 days of receipt of invoice.	The Group recognises revenue for the sale of computers when it transfers control of the equipment to the customer, which is typically when the Group transfers title, physical possession, and the significant risks and rewards of the equipment to the customer.

Where the outcome of a contract cannot be estimated reliably, contract revenue is recognised only to the extent of contract costs incurred that are likely to be recoverable. The Group recognises contract costs as an expense as incurred.

Variations in contract work, claims and incentive payments are included in contract revenue to the extent that they might have been agreed with the customer and are capable of being reliably measured.

The Group recognises a contract asset for the gross amount due from customers for contract work for all contracts in progress for which costs incurred plus recognised profits (less recognised losses) exceed progress billings.

The Group recognises a contract liability for the gross amount due to customers for contract work for all contracts in progress for which progress billings exceed costs incurred plus recognised profits (less recognised losses).

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2023 (continued)**

2 Summary of material accounting policies (continued)

2.11 Finance income

Finance income is accounted for on accrual basis using effective interest rate method.

2.12 Taxation

Income tax on the results for the year comprises current and deferred tax. Income tax is recognized in the consolidated statement of comprehensive income except to the extent that it relates to items recognized directly to equity, in which case it is recognized in equity.

Current tax is the expected tax payable on the taxable income for the year, using tax rates enacted or substantially enacted at the reporting date, and any adjustments to tax payable in respect of previous years.

Deferred taxation is provided using the liability method, on all temporary differences at the reporting date between the tax bases of assets and liabilities and their carrying amounts.

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

A deferred tax asset is recognized only to the extent that it is probable that future taxable profits will be available against which the unused tax losses and credits can be utilized. Deferred tax assets are reduced to the extent that is no longer probable that the related tax benefits will be realized.

2.13 Borrowings costs

General and specific borrowing costs that are directly attributable to the acquisition, construction or production of a qualifying asset are capitalised during the period of time that is required to complete and prepare the asset for its intended use or sale. Qualifying assets are assets that necessarily take a substantial period of time to get ready for their intended use or sale.

Investment income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs eligible for capitalisation.

Other borrowing costs are expensed in the period in which they are incurred.

2.14 Leases

(i) Group as a lessee

Leases are recognised as a right-of-use asset and a corresponding liability at the date at which the leased asset is available for use by the Group. Each lease payment is allocated between the liability and finance cost. The finance cost is charged to the consolidated statement of comprehensive income over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period. The right-of-use asset is depreciated over the shorter of the asset's useful life and the lease term on a straight-line basis.

Assets and liabilities arising from a lease are initially measured on a present value basis. Lease liabilities include the net present value of the following lease payments:

- fixed payments (including in-substance fixed payments), less any lease incentives receivable
- variable lease payment that are based on an index or a rate
- amounts expected to be payable by the lessee under residual value guarantees
- the exercise price of a purchase option if the lessee is reasonably certain to exercise that option, and
- payments of penalties for terminating the lease, if the lease term reflects the lessee exercising that option.

The lease payments are discounted using the interest rate implicit in the lease, if that rate can be determined, or the Group's incremental borrowing rate.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2023 (continued)

2 Summary of material accounting policies (continued)

2.14 Leases (continued)

Right-of-use assets are measured at cost comprising the following:

- the amount of the initial measurement of lease liability.
- any lease payments made at or before the commencement date less any lease incentives received
- any initial direct costs, and
- restoration costs.

Payments associated with short-term leases and leases of low-value assets are recognised on a straight-line basis as an expense in consolidated statement of comprehensive income. Short-term leases are leases with a lease term of 12 months or less. The Group accounts for each lease component within the contract as a lease separately from non-lease components of the contract.

The lease term is considered to be the non-cancellable period for which the Group has the right to use an underlying asset. The lease term is adjusted for periods covered by an option to extend; if it is reasonably certain that the option will be exercised as well as periods covered by an option to terminate the lease; if it is reasonably certain that the option will not be exercised.

(ii) The Group as lessor

At inception or on modification of a contract that contains a lease component, the Group allocates the consideration in the contract to each lease component on the basis of their relative standalone prices.

When the Group acts as a lessor, it determines at lease inception whether each lease is a finance lease or an operating lease.

To classify each lease, the Group makes an overall assessment of whether the lease transfers substantially all of the risks and rewards incidental to ownership of the underlying asset. If this is the case, then the lease is a finance lease; if not, then it is an operating lease. As part of this assessment, the Group considers certain indicators such as whether the lease is for the major part of the economic life of the asset.

When the Group is an intermediate lessor, it accounts for its interests in the head lease and the sub-lease separately. It assesses the lease classification of a sub-lease with reference to the right-of-use asset arising from the head lease, not with reference to the underlying asset. If a head lease is a short-term lease to which the Group applies the exemption described above, then it classifies the sub-lease as an operating lease.

If an arrangement contains lease and non-lease components, then the Group applies IFRS 15 to allocate the consideration in the contract.

The Group applies the derecognition and impairment requirements in IFRS 9 to the net investment in the lease. The Company further regularly reviews estimated unguaranteed residual values used in calculating the gross investment in the lease.

The Group recognises lease payments received under operating leases as income on a straight line basis over the lease term as part of 'infrastructure lease income'.

An operating lease is a lease that does not transfer substantially all the risks and rewards incidental to the ownership of an underlying asset. Lease payments from operating lease are recognised as income on a straight-line basis unless another systematic basis is more representative of the pattern in which benefit from the use of the underlying asset is diminished. Costs incurred in earning the lease income, including depreciation are recognised as an expense. Initial direct cost incurred in obtaining lease, are added to the carrying amount of the underlying asset and recognised as an expense over the lease term on the same basis as the lease income. Modification to an operating lease is accounted for as a new lease from the effective date of the modification, considering any prepaid or accrued leased payments relating to the original lease as part of the lease payments for the new lease. The respective leased assets are included in the consolidated statement of financial position based on their nature.

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2023 (continued)**

2 Summary of material accounting policies (continued)

2.15 Inventories

Inventories are stated at the lower of cost and net realisable value. Costs comprise purchase cost and, where applicable, direct labour costs and those overheads that have been incurred in bringing the inventories to their present location and condition. Cost is calculated principally using the weighted average method. Net realisable value is the estimated selling price in the ordinary course of business, less the estimated costs of completion and selling expenses.

2.16 Government grants

The Group recognises an unconditional government grant related in profit or loss as other income when the grant becomes receivable. Other government grants related to assets are initially recognised as deferred income at fair value if there is reasonable assurance that they will be received and the Group will comply with the conditions associated with the grant. Grants related to the acquisition of assets are recognised in profit or loss as other income on a systematic basis over the useful life of the asset.

Grants that compensate the Group for expenses incurred are recognised in profit or loss as other income on a systematic basis in the periods in which the expenses are recognised, unless the conditions for receiving the grant are met after the related expenses have been recognised. In this case, the grant is recognised when it becomes receivable.

2.17 Impairment of non-financial assets

The carrying amounts of the Group's non-financial assets are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists then the asset's recoverable amount is estimated. An impairment loss is recognised if the carrying amount of an asset or its cash generating unit exceeds its recoverable amount. Impairment losses are recognised in the consolidated statement of comprehensive income.

The recoverable amount of an asset or its cash generating unit is the greater of its value in use and its fair value less costs to sell. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of time value of money and risks specific to the asset. For the purpose of impairment testing, assets are companied together into the smallest Group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or Companies of assets (the cash-generating unit).

Impairment losses recognised in prior periods are assessed at each reporting date for any indications that the loss has decreased or no longer exists. An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised.

2.18 Determination of fair values

The fair value of interest rate swaps is calculated by discounting estimated future cash flows based on the terms and maturity of each contract and using market interest rates for a similar instrument at the measurement date. This calculation is tested for reasonableness through comparison with the valuations received from the parties issuing the instruments.

2.19 Borrowings

Borrowings are recognised initially at fair value, net of transaction costs incurred. Borrowings are subsequently carried at amortised cost; any difference between the proceeds (net of transaction costs) and the redemption value is recognised in the consolidated statement of comprehensive income over the period of the borrowings using the effective interest method.

Fees paid on the establishment of loan facilities are recognised as transaction costs of the loan to the extent that it is probable that some or all of the facility will be drawn down. In this case, the fee is deferred until the draw-down occurs. To the extent there is no evidence that it is probable that some or all of the facility will be drawn down, the fee is capitalised as a pre-payment for liquidity services and amortised over the period of the facility to which it relates.

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2023 (continued)**

2 Summary of material accounting policies (continued)

2.20 Derivatives and hedging activities

Derivatives are initially recognised at fair value on the date a derivative contract is entered into and are subsequently remeasured to their fair value at the end of each reporting period. The accounting for subsequent changes in fair value depends on whether the derivative is designated as a hedging instrument, and if so, the nature of the item being hedged. The Group designates certain derivatives as either:

- hedges of the fair value of recognised assets or liabilities or a firm commitment (fair value hedges)
- hedges of a particular risk associated with the cash flows of recognised assets and liabilities and highly probable forecast transactions (cash flow hedges), or
- hedges of a net investment in a foreign operation (net investment hedges).

At inception of the hedge relationship, the Group documents the economic relationship between hedging instruments and hedged items including whether changes in the cash flows of the hedging instruments are expected to offset changes in the cash flows of hedged items. The Group documents its risk management objective and strategy for undertaking its hedge transactions.

Derivatives are only used for economic hedging purposes and not as speculative investments. However, where derivatives do not meet the hedge accounting criteria, they are classified as ‘held for trading’ for accounting purposes and are accounted for at fair value through profit or loss.

The full fair value of a hedging derivative is classified as a non-current asset or liability when the remaining maturity of the hedged item is more than 12 months; it is classified as a current asset or liability when the remaining maturity of the hedged item is less than 12 months. Trading derivatives are classified as a current asset or liability.

Cash flow hedges that qualify for hedge accounting

The effective portion of changes in the fair value of derivatives that are designated and qualify as cash flow hedges is recognised in the cash flow hedge reserve within equity.

The gain or loss relating to the effective portion of the interest rate swaps hedging variable rate borrowings is recognised in profit or loss within finance cost at the same time as the interest expense on the hedged borrowings. When a hedging instrument expires, or is sold or terminated, or when a hedge no longer meets the criteria for hedge accounting, any cumulative deferred gain or loss at that time remains in equity until the forecast transaction occurs, resulting in the recognition of a non-financial asset such as inventory. When the forecast transaction is no longer expected to occur, the cumulative gain or loss and deferred costs of hedging that were reported in equity are immediately reclassified to profit or loss.

3 Financial risk management

The Group’s Board of Directors has the overall responsibility for the management of Group’s exposure to financial risk. It ensures that internal risk management framework is effective and that a sound system of risk management is in place to safeguard shareholder’s interests.

3.1 Financial risk factors

The Group’s activities expose it to a variety of financial risks: market risk (comprising the foreign exchange risk and interest rate risk), credit risk and liquidity risk. The Group’s overall risk management program focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the financial performance of the Group. Risk management is carried out by the management under policies approved by the Board of Directors.

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2023 (continued)**

3 Financial risk management (continued)

3.1 Financial risk factors (continued)

(a) Market risk

Market risk is the risk that changes in market prices, such as foreign exchange risk, price risk and interest rates risk affect the Group's income or the value of its holdings of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimising the return.

(i) Foreign exchange risk

The Group's functional and presentation currency is Rials Omani. The Group's performance is substantially independent of changes in foreign currency rates as its foreign currency dealings are principally in US Dollars to which Rials Omani is pegged. There are no significant financial instruments dominated in foreign currency other than US Dollars and consequently foreign currency risk is not significant.

(ii) Interest risk

Interest rate risk arises from the possibility of changes in interest rates and mismatches or gaps in the amount of assets and liabilities that mature or are re-priced in a given period. The Group's interest rate risk arises from bank borrowings.

At the reporting date, the interest rate profile of the Group's interest-bearing financial assets and liabilities is:

	Interest rate	2023 RO	2022 RO
Financial assets			
Term deposits	4.15% to 6.25%	71,148,254	37,137,493
Financial liabilities			
<i>Term loan</i>			
- RO fixed loans	4.95%	140,248,027	94,345,000
- Short term borrowings and fixed rate loans	5.30%	2,922,035	3,130,411
		143,170,062	97,475,411

Further the Group also has short term borrowing with bank at interest rates that are subject to change upon re-negotiation of the facilities which takes place on an annual basis in the case of overdrafts and at more frequent intervals in the case of short term loans. If the interest rate were to shift by 1%, there would be not be a material impact on the profitability of the Group.

(i) Price risk

Price risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market prices (other than those arising from interest rate risk or currency risk), whether those changes are caused by factors specific to the individual financial instrument or its issuer, or factors affecting all similar financial instruments traded in the market. As the Group does not have any such assets which are actively traded and measured at fair value, hence, the Group is not subject to price risk.

(b) Credit risk

(i) Risk management

Credit risk is the risk of financial loss if a customer or counterparty to a financial instrument fails to meet its contractual obligations arising principally from cash equivalents, contract assets, other financial assets at amortised costs, as well as credit exposures to customers.

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2023 (continued)**

3 Financial risk management (continued)

3.1 Financial risk factors (continued)

(b) *Credit risk (continued)*

(i) *Risk management (continued)*

As per the credit policy of the Group, customers are extended a credit period of up to 30 days in the normal course of business. However, in some cases, due to the market conditions and historical business relationship with the customer the credit period may be further extended by a period of 60 days. The credit quality of financial assets is determined by the customers' history of meeting commitments, market intelligence related information and management's trade experience.

Concentration of credit risk arises when a number of counter-parties 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. Concentrations of credit risk indicate the relative sensitivity of the Group's performance to developments affecting a particular industry or geographical location. The Group has concentration of credit risk as 80% of trade receivables as at 31 December 2023 of the Group are due from 5 customers in the Sultanate of Oman [2022: 80% of trade receivable of the group due from 5 customers in Sultanate of Oman].

For customers where there is no independent rating agency established in the country, the credit control team comprising senior management assesses the credit quality of the customers, taking into account their financial position, past experience and other factors. The outstanding position of the customers is continuously reviewed by management. Credit risk on receivables including other related parties is limited to their carrying values as management regularly reviews these balances to assess recoverability and makes provision for balances whose recoverability is in doubt.

The carrying value of financial assets represent the maximum exposure to credit risk. Gross exposure of debts by major classification of trade receivables as of 31 December was as follows:

	2023		2022	
	RO	%	RO	%
Telecom operators	13,285,969	70%	4,852,592	53%
Government and Ministries	2,986,085	16%	2,864,175	31%
Private local customers	2,548,830	14%	1,434,890	16%
Total	18,820,884	100%	9,151,657	100%

The Group's receivable is based from the customer in Sultanate of Oman.

The ageing of trade receivables at 31 December 2023 and 2022 is follows:

	2023 RO	2022 RO
Trade receivables		
Current (not past due)	3,509,550	3,642,056
Past due 30 - 60 days	2,365,762	1,985,060
Past due 61 – 90 days	2,171,165	1,684,317
Past due 91 – 120 days	350,681	67,938
Past due above 120 days	10,423,726	1,772,286
	18,820,884	9,151,657

With respect to exposures with banks, management considers the credit risk exposure to be minimal as the Group deals with reputed banks. Management does not expect any losses from non-performance by these counterparties.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2023 (continued)

3 Financial risk management (continued)

3.1 Financial risk factors (continued)

(b) Credit risk (continued)

(i) Risk management (continued)

Credit quality of cash and bank balances

	Rating	2023 RO	2022 RO
Ahli Bank SAOG	Baa3	27,226,578	8,674,757
Maissarah Islamic Bank SAOG	Ba3	232,489	1,103
Bank Muscat SAOG	Ba3	463,560	843,206
Bank Sohar SAOG	Ba3	1,806,356	1,295,741
Bank of China (DSR Account)	Aa3	-	5,666,931
National Bank of Oman	Ba3	6,870	3,759
Al-Izz Bank	Ba1	8,090,079	-
Bank Dhofar	Ba1	271,403	-
Sohar Islamic Bank	Ba2	900	-
Ahli Islamic Bank	Baa3	250	-
		38,098,485	16,485,497
Term deposits	Ba3	71,148,254	37,137,493

The rest of the consolidated statement of financial position item is cash on hand. The stated rating is as per the global bank ratings by Moody's Investors Service.

(ii) Impairment of financial assets

The Group has trade receivables that are subject to IFRS 9's expected credit loss model. While contract assets, other financial assets at amortized cost, loan to related parties and cash and cash equivalents are also subject to the impairment requirements of IFRS 9, the identified impairment loss was immaterial.

Trade receivables

The Group applies the IFRS 9 simplified approach to measuring expected credit losses which uses a lifetime expected loss allowance for all trade receivables. As shown in note 3.1(b)(i) the Group has exposure of 80% from only 5 customers who operate in the telecommunication sector and are reputed organisations in the Sultanate of Oman, and the ECL allowance on receivable from those customers has been computed based on rating grades issued by external rating agency. The ratings by external agency is based on historic default rate and is adjusted for forward-looking macro-economic information (e.g., economic data from industry groups, associations or bodies).

On that basis, the gross balances and loss allowance as at 31 December was determined as follows for trade receivables (including related parties).

	Gross carrying amount RO	Weighted average loss rate RO	Loss allowance RO	Net carrying amount RO
31 December 2023				
Telecom operators	13,285,969	3%	386,970	12,898,999
Government companies	2,986,085	2%	58,551	2,927,534
Private Companies	2,548,830	3%	78,274	2,470,556
	18,820,884		523,795	18,297,089
	Gross carrying amount RO	Weighted average loss rate RO	Loss allowance RO	Net carrying amount RO
31 December 2022				
Telecom operators	4,852,592	2.68%	130,267	4,722,325
Government companies	2,864,175	3.48%	99,828	2,764,347
Private Companies	1,434,890	1.33%	19,102	1,415,788
	9,151,657		249,197	8,902,460

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2023 (continued)

3 Financial risk management (continued)

3.1 Financial risk factors (continued)

(b) Credit risk (continued)

(ii) Impairment of financial assets (continued)

The closing impairment loss allowances for trade receivables as at 31 December 2023 reconcile to the opening loss allowances as follows:

	2023 RO	2022 RO
At 1 January	249,197	204,251
Loss allowance	274,598	44,946
At 31 December	<u>523,795</u>	<u>249,197</u>

Accumulated impairment charged to profit or loss

	2023 RO	2022 RO
Investment start-up charges	-	138,149
Trade receivable	274,598	44,946
	<u>274,598</u>	<u>183,095</u>

Trade receivables are written off when there is no reasonable expectation of recovery. Indicators that there is no reasonable expectation of recovery include, amongst others, the failure of a debtor to engage in a repayment plan with the Group, and a failure to make contractual payments for a period of greater than 360 days past due.

Impairment losses on financial assets are presented as net impairment losses within operating profit. Subsequent recoveries of amounts previously written off are credited against the same line item. At the reporting date, if the forward-looking factors were to shift upwards or downwards by 1%, there would be an insignificant change in the Group's profitability.

(c) Liquidity risk

In accordance with prudent liquidity risk management, the management aim to maintain sufficient cash and adequate amount of committed credit facilities. The management monitors the rolling forecasts of the Group's liquidity requirements to ensure it has sufficient cash to meet operational needs.

The Group's financial liabilities comprise of bank borrowings, trade and other payables (including retention payables) and lease liability. The contractual cash flows against trade and other payables are expected to equal the carrying value. No significant impact of discounting is expected on Group's financial liabilities except borrowings, as these balances are expected to be settled in the next twelve months from the reporting date. Derivatives consist of interest rate swap agreements.

The below schedule shows the maturity profile of the financial liabilities:

	Carrying amount RO	Contractual cash flows RO	Up to 1 year RO	2 to 5 years RO	More than 5 years RO
31 December 2023					
Trade and other payables	20,182,808	(20,182,808)	(20,182,808)	-	-
Due to related parties	86,642	(86,642)	(86,642)	-	-
Lease liabilities	10,098,404	(12,783,743)	(1,646,370)	(11,137,373)	-
Bank borrowings	143,170,062	(205,127,346)	(15,020,146)	(50,757,018)	(139,350,182)
	<u>173,537,916</u>	<u>(238,180,539)</u>	<u>(36,935,966)</u>	<u>(61,894,391)</u>	<u>(139,350,182)</u>

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2023 (continued)**

3 Financial risk management (continued)

3.1 Financial risk factors (continued)

(c) *Liquidity risk (continued)*

	Carrying amount RO	Contractual cash flows RO	Up to 1 year RO	2 to 5 years RO	More than 5 years RO
31 December 2022					
Trade and other payables	23,129,392	(23,129,392)	(23,129,392)	-	-
Due to related parties	86,643	(86,643)	(86,643)	-	-
Lease liabilities	11,543,892	(14,775,790)	(1,698,004)	(13,077,786)	-
Bank borrowings	97,475,411	(135,161,340)	(7,842,811)	(24,307,761)	(103,010,768)
	<u>132,235,338</u>	<u>(173,153,165)</u>	<u>(32,756,850)</u>	<u>(37,385,547)</u>	<u>(103,010,768)</u>

3.2 Capital risk management

The Group's objectives when managing capital are to safeguard the Group's ability to continue as a going concern and benefit other stakeholders. The management's policy is to maintain a strong capital base so as to maintain creditor and stakeholders' confidence and to sustain future development of the business. The Group manages capital structure, by adjusting or increasing the paid up capital and/or introducing external financing to have an optimal debt equity ratio.

The capital of the Group comprises share capital, shareholder's funds and retained earnings / (accumulated losses). Management's policy is to maintain an optimum capital base to maintain investor, creditor and market confidence to sustain future growth of business as well as return on capital. Capital requirements are prescribed by the Commercial Companies Law of 2019.

The Group monitors capital on the basis of the gearing ratio. This ratio is calculated as net debt divided by total capital. Net debt is calculated as total borrowings (including lease liabilities) less cash and cash equivalents. Total capital is calculated as 'Total equity' as shown in the consolidated statement of financial position plus net debt. The gearing ratios at 31 December 2023 and 2022 were as follows:

	2023 RO	2022 RO
Total borrowings (including lease liabilities)	153,268,466	109,019,303
Less: bank balances (note 12)	<u>(102,242,699)</u>	<u>(53,621,007)</u>
Net debt	51,025,767	55,398,296
Equity	214,537,098	168,417,492
Total capital	<u>265,562,865</u>	<u>223,815,788</u>
Gearing Ratio	19%	25%

3.2 Fair value estimation

The carrying amounts of financial assets and financial liabilities at amortised costs with a maturity of less than one year approximate to their fair values. Refer note 24 for investment in equity instruments carried at fair value and note 21 for derivative financial instruments.

4 Critical accounting judgments and key sources of estimation uncertainty

The preparation of the consolidated financial statements, as per IFRS, requires management to make estimates and assumptions that affect the reported amount of assets and liabilities at the reporting date and the resultant provisions and changes in fair value for the year. Such estimates are necessarily based on assumptions about several factors involving varying, and possibly significant, degrees of judgment and uncertainty and actual results may differ from management's estimates resulting in future changes in estimated assets and liabilities.

The following are the key assumptions concerning the future, and other key sources of estimation uncertainty at the reporting date, that have a significant risk of causing a material adjustment to the carrying amounts of assets

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2023 (continued)

and liabilities within the next financial year.

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

(a) *Useful lives of property and equipment*

Depreciation is charged so as to write off the cost of assets over their estimated useful lives. The calculation of useful lives is based on management's assessment of various factors such as the operating cycles, the maintenance programs, and normal wear and tear using its best estimates.

(b) *Impairment of investment in associates and joint ventures*

The Group reviews its investments in associates and joint ventures periodically and evaluates the objective evidence of impairment. Objective evidence includes the performance of associate, the future business model, local economic conditions and other relevant factors. Based on the objective evidence, the Group determines the need for impairment loss on investments in associates and joint ventures.

(c) *Fair value of securities not quoted in an active market*

For the purpose of determination of fair value of securities not quoted in an active market and where no market data is available, the Group may value positions using its own models, which are usually based on valuation methods and techniques generally recognised as standard within the industry. The inputs into these models are primarily discounted cash flows. The models used to determine fair values are created by management experts involved and are validated and reviewed by the management. The models used for private equity securities are based mainly on discounted cash flows under the income method based on the discounting the net future free cashflows to equity to their present value and deriving terminal value based on perpetual growth rate

5 Accounting classification and fair value

	Note	2023	2022
Financial assets at amortised cost		RO	RO
Trade and other receivables	10	22,265,027	10,032,762
Retention receivables	22	40,106	40,106
Contract assets	11	727,884	726,923
Due from related parties	34	1,139,300	178,931
Cash and cash equivalent	12	38,098,485	16,485,497
Term deposits	12	71,148,254	37,137,493
		<u>133,419,056</u>	<u>64,601,712</u>
	Note	2023	2022
Financial assets at fair value		RO	RO
Financial assets at fair value through profit or loss	24	<u>23,255,254</u>	<u>27,733,101</u>
Financial liabilities	Note	2023	2022
		RO	RO
Trade and other payables	16	20,182,808	23,129,392
Bank borrowings	17	143,170,062	97,475,411
Due to related parties	34	86,642	86,643
Lease liability	19	10,098,404	11,543,892
		<u>173,537,916</u>	<u>132,235,338</u>

OMAN INFORMATION AND COMMUNICATION TECHNOLOGY GROUP SAOC AND ITS SUBSIDIARIES

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2023 (continued)

6 Property and equipment

	Fiber optics RO	Buildings RO	Office and other equipment RO	Home connections RO	Capital work-in- progress RO	Total RO
Cost						
At 1 January 2023	177,396,612	5,744,923	4,050,841	32,849,723	19,830,494	239,872,593
Additions	-	125	522,550	-	37,574,012	38,096,687
Transfers from CWIP	27,288,797	717,597	-	8,255,848	(36,262,242)	-
At 31 December 2023	204,685,409	6,462,645	4,573,391	41,105,571	21,142,264	277,969,280
Accumulated depreciation						
At 1 January 2023	32,055,103	832,782	2,062,016	4,994,965	-	39,944,866
Charge for the year	9,418,525	301,275	495,744	1,845,620	-	12,061,164
At 31 December 2023	41,473,628	1,134,057	2,557,760	6,840,585	-	52,006,030
Carrying amount						
At 31 December 2023	163,211,781	5,328,588	2,015,631	34,264,986	21,142,264	225,963,250

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2023 (continued)**

6 Property and equipment (continued)

Cost	Fiber optics RO	Buildings RO	Office and other equipment RO	Home connections RO	Capital work-in- progress RO	Total RO
At 1 January 2022	160,215,004	5,526,893	3,956,346	27,103,706	9,742,483	206,544,432
Additions	12,520,222	218,030	58,707	4,283,293	16,297,816	33,378,068
Disposals	(49,907)	-	-	-	-	(49,907)
Transfers from CWIP	4,711,293	-	25,788	1,462,724	(6,199,805)	-
At 31 December 2022	177,396,612	5,744,923	4,040,841	32,849,723	19,830,494	239,872,593
Accumulated depreciation						
At 1 January 2022	23,723,318	544,404	1,569,693	3,524,903	-	29,362,318
Disposals	(12,816)	-	-	-	-	(12,816)
Charge for the year	8,344,601	288,378	492,323	1,470,062	-	10,595,364
At 31 December 2022	32,055,103	832,782	2,062,016	4,994,965	-	39,944,866
Carrying amount						
At 31 December 2022	145,341,509	4,912,141	1,978,825	27,854,758	19,830,494	199,927,727

The capital work-in-progress of RO 21,142,264 (2022 - RO 19,830,494) mainly represents costs incurred towards the construction of optic fiber cable infrastructure, backhauling projects, construction of office building and purchase of satellite equipment. It also contains the balance capitalized staff cost of 3,253,904 (2022 - RO 2,768,659) representing time spent by the project team members directly attributable to the project (note 33) and remaining proportionally allocated to the capitalized projects.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2023 (continued)

7 Intangible assets and goodwill

	Goodwill RO	Software RO
As at 31 December 2023		
Cost		
At 1 January	278,311	1,311,992
At 31 December	<u>278,311</u>	<u>1,311,992</u>
Accumulated impairment loss and amortization		
At 1 January	200,000	835,084
Charge during the year	-	211,256
Impairment loss during the year (note 7.1)	78,311	-
At 31 December	<u>278,311</u>	<u>1,046,340</u>
Carrying value at 31 December	<u>-</u>	<u>265,652</u>

	Goodwill RO	Software RO
As at 31 December 2022		
Cost		
At 1 January	278,311	1,307,916
Additions during the year	-	4,076
At 31 December	<u>278,311</u>	<u>1,311,992</u>
Accumulated amortization		
At 1 January	-	577,629
Charge during the year	-	257,455
Impairment loss during the year (note 7.1)	200,000	-
At 31 December	<u>200,000</u>	<u>835,084</u>
Carrying value at 31 December	<u>78,311</u>	<u>476,908</u>

The intangible assets represent cost of software procured by the Group and are amortised over a useful life of 3 years.

Goodwill

The initial goodwill recognised represents the acquired entity's workforce, synergies resulting from cost savings and acquisition of market share and non-contractual customer relationships that have not met the criteria for recognition as an intangible asset.

7.1 Impairment on goodwill

Due to unavailability of cash flows projections, the recoverable amount has been determined based on net asset value. As a result, the management has recorded an impairment of RO 78,311 during the year.

8 Right-of-use assets

	Building RO	Storage Racks RO	Satellite capacity RO	Total RO
As at 1 January 2023	765,405	597,346	9,241,309	10,604,060
Additions during the year	64,080	-	59,662	123,742
Lease modifications	(161,178)	-	-	(161,178)
Depreciation charge for the year	(235,199)	(372,998)	(930,037)	(1,538,234)
Balance as at 31 December 2023	<u>433,108</u>	<u>224,348</u>	<u>8,370,934</u>	<u>9,028,390</u>

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2023 (continued)

8 Right-of-use assets (continued)

	Building RO	Storage Racks RO	Satellite capacity RO	Total RO
As at 1 January 2022	201,828	970,344	9,946,872	11,119,044
Acquisition of subsidiaries				
Additions during the year	859,795	-	179,623	1,039,418
Depreciation charge for the year	(296,218)	(372,998)	(885,186)	(1,554,402)
Balance as at 31 December 2022	765,405	597,346	9,241,309	10,604,060

The right of use asset has been recognized in respect of lease of office premises, storage racks and satellites. Related lease liabilities are disclosed in note 19.

9 Taxation

(a) The tax charge for the year is as follows:

	2023 RO	2022 RO
Current tax		
- current year	410,941	80,620
Deferred tax		
- current year	15,802	3,879,499
- prior year	3,852	(828,351)
	19,654	3,051,148
	430,595	3,131,768

(b) The reconciliation of tax on the accounting profit at the applicable rate of 15% with the taxation credit in the consolidated financial statements is as follows:

	2023 RO	2022 RO
Tax on accounting (loss) of (RO 2,539,201) (2022- RO (RO 3,798,354))	(380,880)	(569,753)
Deferred tax adjustments relating to prior year	3,852	(828,351)
Unrecognized deferred tax on tax loss	266,216	4,508,762
Add tax effect of:		
Tax penalty paid	40,409	-
Non-deductible expense	500,998	21,110
	430,595	3,131,768

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2023 (continued)

9 Taxation (continued)

(c) Deferred income taxes are calculated on all temporary differences using a principal tax rate of 15%. Deferred tax asset in the consolidated statement of financial position is as follows:

	1 January 2023 RO	(Charged) / credited to the consolidated statement of comprehensive income RO	31 December 2023 RO
Deferred tax liability:			
Tax effect of depreciation	(9,052,904)	(1,741,405)	(10,794,309)
Notional interest income	(141,178)	10,563	(130,615)
Fair value gains on equity investments at FVPL recognised in other gains	(1,551,460)	857,654	(693,806)
Deferred tax assets:			
Tax effect of provisions	616,206	1,019,485	1,635,691
Taxable losses	1,345,081	(181,369)	1,163,712
Lease liability	133,945	15,418	149,363
Net deferred tax asset/(liability)	(8,650,310)	(19,654)	(8,669,964)

	1 January 2022 RO	(Charged) / credited to the consolidated statement of comprehensive income RO	Other adjustments RO	31 December 2022 RO
Deferred tax liability:				
Tax effect of depreciation	(7,448,288)	(1,604,616)	-	(9,052,904)
Notional interest income	(97,322)	(43,856)	-	(141,178)
Fair value gains on equity investments at FVPL recognised in other gains	(2,833,106)	1,397,643	(115,997)	(1,551,460)
Deferred tax assets:				
Tax effect of provisions	34,343	581,863	-	616,206
Taxable losses	4,745,381	(3,400,300)	-	1,345,081
Lease liability	115,827	18,118	-	133,945
	(5,483,165)	(3,051,148)	(115,997)	(8,650,310)
Deferred tax recognised in equity				
Derivative financial instruments	(263,241)	263,241	-	-
Net deferred tax asset/(liability)	(5,746,406)	(2,787,907)	(115,997)	(8,650,310)

(i) *Oman Information and Communication Technology Group SAOC*- Taxation has not been agreed with the Oman Tax Authorities for all the years up to 31 December 2021. The management believes that additional tax, if any, that may become payable on finalisation of assessment in respect of open years would not be material to the consolidated financial statements as at 31 December 2023.

(ii) *Oman Broadband Company SAOC*- The tax returns of the Company upto and including the Tax Year 2020 has been completed by the Oman Tax Authority ("TA"). The tax assessment for the Tax Years 2021 to 2022 has not yet been assessed by the TA. The Company's management is of the opinion that additional taxes, if any, relating to open tax years would not be material to the consolidated financial statements as at 31 December 2023.

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2023 (continued)**

9 Taxation (continued)

(iii) *Oman Technology Fund Holding Company SAOC*- Taxation has been agreed with the Oman Tax Authorities for all years up to 2019. The Company's assessment for the tax years 2020 to 2022 have not yet been finalised with the Oman Tax Authorities. The Company's management is of the opinion that additional taxes, if any, relating to open tax years would not be material to the consolidated financial statements as at 31 December 2023.

(iv) *Space Communication Technologies SPC*- The tax returns of the Company upto and including the Tax Year 2020 has been completed by the Oman Tax Authority ("TA"). The tax assessment for the Tax Years 2021 to 2022 has not yet been assessed by the TA. The Company's management is of the opinion that additional taxes, if any, relating to open tax years would not be material to the consolidated financial statements as at 31 December 2023.

(v) *Onsor Technologies LLC*- None of the tax assessments have been completed by the Oman Tax Authorities as yet.

(vi) *Technology Investment and Management Company LLC*- The tax returns of the Company upto and including the Tax Year 2018 has been completed by the Oman Tax Authorities ("TA"). The tax assessment for the Tax Years 2019 to 2022 has not yet been assessed by the TA. Management considers that the amount of additional taxes, if any, that may become payable on finalisation of the above tax years would not be material to the Group's consolidated financial position as at 31 December 2023.

(vii) *Digital Transformation Management Company LLC*- None of the tax assessments have been completed by the Oman Tax Authorities as yet.

(d) *The movement in the current taxation liability for the year comprises:*

	2023 RO	2022 RO
At 1 January	279,193	202,329
Charge for the year	410,941	80,620
Paid during the year	<u>(313,287)</u>	<u>(3,756)</u>
At 31 December	<u><u>376,847</u></u>	<u><u>279,193</u></u>

10 Trade and other receivables

	2023 RO	2022 RO
Trade receivables	18,820,884	9,151,657
Less: credit loss allowance [note 3.1(b)(ii)]	<u>(523,795)</u>	<u>(249,197)</u>
	<u><u>18,297,089</u></u>	<u><u>8,902,460</u></u>
Other receivable	2,917,278	719,463
Accrued interest	1,050,660	410,839
Prepayments	117,535	1,124
Advances to suppliers	570,456	246,615
VAT recoverable – net	<u>482,302</u>	<u>4,027</u>
	<u><u>23,435,320</u></u>	<u><u>10,284,528</u></u>

(i) *Classification as trade receivables*

Trade receivables are amounts due from customers for goods sold and services performed in the ordinary course of business. They are generally due for settlement within 30 days and therefore are all classified as current. These receivables are recognised initially at the amount of consideration that is unconditional unless they contain significant financing components, when they are recognised fair value.

The Group holds these receivables with the objective to collect the contractual cash flows and therefore measures them subsequently at amortised cost using the effective interest method. Details about the Group's impairment policies and the calculation of the loss allowance are provided in note 3.1(b)(ii).

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2023 (continued)**

10 Trade and other receivables (continued)

(ii) Carrying and fair values of trade receivables

The carrying amounts of the Group's trade receivables are denominated in Rial Omani. Due to the short-term nature of the current receivables, their carrying amount less impairment provision approximates their fair value.

(iii) Impairment and risk exposure

At 31 December 2023, the Group has a collective impairment provision against its trade receivables in the amount of RO 523,795 (2022: RO 249,197). Information about the impairment of trade receivables and Group's exposure to credit risk, foreign currency risk and interest rate risk can be found in note 3.1(b).

11 Contract assets

	2023 RO	2022 RO
Revenue from fiber optic network construction service	<u>727,884</u>	<u>726,923</u>

12 Cash and cash equivalents

	2023 RO	2022 RO
Bank balances	109,242,699	53,621,007
Cash in hand	4,040	1,983
Cash and bank balances	<u>109,246,739</u>	<u>53,622,990</u>
Less: Term deposits (note 12.1)	<u>(71,148,254)</u>	<u>(37,137,493)</u>
Cash and cash equivalents	<u>38,098,485</u>	<u>16,485,497</u>

Bank balances include a call deposit amounting to 8,969,444 (2022 - RO 3,395,629) and carries an interest rate ranges from 1.5% to 5.60% per annum (2022 - 1.5% to 4.65% per annum).

12.1 Term deposits

	2023 RO	2022 RO
Term deposits	<u>71,148,254</u>	<u>37,137,493</u>

	2023 RO	2022 RO
Current portion of term deposits	<u>71,148,254</u>	<u>11,137,493</u>
Non-current portion of term deposits	<u>-</u>	<u>26,000,000</u>

13 Share capital

The authorised, issued and paid-up share capital of the Group consist of 1,539,451 shares of RO 100 each (2022: 5,000 shares of RO 100 each).

14 Legal reserve

In accordance with the Commercial Companies Law of 2019, as amended, annual appropriations of 10% of the profit for the year are made to this reserve until the accumulated balance of the reserve is equal to one-third of the value of the Group's paid-up share capital. This reserve is not available for distribution.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2023 (continued)

15 Contract liabilities

The contract liabilities represent amount billed to customers under construction, sale of fibre optic infrastructure agreements and consultancy services.

	2023	2022
	RO	RO
Current portion	168,290	381,533
Non-current portion	328,992	332,492
	497,282	714,025
	2023	2022
	RO	RO
Opening as at 1 January	714,025	932,883
Addition to deferred revenue	4,038,125	464,102
Revenue recognized in current year	(4,254,868)	(682,960)
Closing as at 31 December	497,282	714,025
	2023	2022
	RO	RO
Revenue to be recognised in 2024	168,290	381,533
Revenue to be recognised in 2025 onwards	328,992	332,492
	497,282	714,025

16 Trade and other payables

	2023	2022
	RO	RO
Trade payables	3,585,722	5,570,397
Accruals relating to capital expenditures	7,297,310	9,297,730
Accrued expenses	2,476,104	2,830,723
Retention payable	3,126,384	2,458,271
Bonus provision	1,877,193	1,611,632
Other payables	1,820,095	1,360,639
	20,182,808	23,129,392

17 Borrowings

	2023	2022
	RO	RO
Long term loan	141,028,371	95,200,000
Short term loan	2,922,035	3,130,411
Less: Deferred financing cost	(780,344)	(855,000)
	143,170,062	97,475,411
Non-current portion	135,058,546	94,345,000
Current portion	8,111,516	3,130,411
	143,170,062	97,475,411

The unamortised deferred financing cost is as follows:

	2023	2022
	RO	RO
At 1 January	855,000	-
Paid during the year	-	855,000
Amortised during the year (note 30.1)	(74,656)	-
At 31 December	780,344	855,000

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2023 (continued)**

17 Borrowings (continued)

In September 2018, the Group obtained long-term loan facility from Asian Infrastructure Investment Bank (AIIB) amounting to USD 239 million to fund the construction of fixed assets, which carries an interest rate of LIBOR+3.85 per annum. In 2022, as approved by shareholders in OGM dated 9 November 2022, the Company entered into refinancing arrangement and capex facilities for an amount of RO 171 million (USD 444 million) under common term agreement with local banks and repaid the AIIB loan in full which amounted to USD 236 million.

The refinancing tranche of RO 95.2 million and capex tranche of RO 75.8 million will be repaid in 30 semi-annual installments as per clause 6.1 of facility agreement commencing from June 21, 2024 and December 21, 2025 respectively. The Company has received first refinancing tranche drawdown of RO 95.2 million in 2022 which applied towards repayment of existing AIIB facility in 2022. During the current year 2023, Company drawdown an amount of RO 45.9 million from capex tranche.

Short term loan

Short term borrowings are obtained from commercial banks at interest rate of 5.25% per annum and are repayable within 12 months of the reporting date.

Reconciliation of borrowings movement to cashflows

	2023 RO	2022 RO
Balance as at 1 January	97,475,411	94,172,884
Changes from financing cashflow		
Repayment of borrowings	(3,130,411)	(91,945,246)
Proceed from borrowing	48,750,406	95,247,773
Deferred financing cost	74,656	-
Balance as at 31 December	143,170,062	97,475,411

18 Provision for employee's end of service benefits

	2023 RO	2022 RO
At 1 January	196,717	244,612
Charge for the year (note 33)	144,221	88,984
Reversal during the year (note 33)	-	(125,270)
Payment during the year	(58,523)	(11,609)
At 31 December	282,415	196,717

19 Lease Liabilities

The Group recognised lease liabilities in relation to lease of office premises, storage racks and satellites. These liabilities are measured at the present value of the remaining lease payments, discounted using the lessee's incremental average borrowing rate 5.27%.

Movements in the lease liability recognized at the reporting date is as follows:

	Building RO	Storage Racks RO	Satellite capacity RO	Total RO
As at 1 January 2023	740,385	631,452	10,172,055	11,543,892
Additions during the year	64,080	-	59,662	123,742
Lease modifications	(161,178)	-	-	(161,178)
Interest expense	22,733	16,617	475,304	514,654
Lease instalment paid	(249,227)	(362,220)	(1,311,259)	(1,922,706)
Balance as at 31 December 2023	416,793	285,849	9,395,762	10,098,404

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2023 (continued)

19 Lease Liability (continued)

	Building RO	Storage Racks RO	Satellite capacity RO	Total RO
As at 1 January 2022	201,352	988,740	10,690,982	11,881,074
Additions during the year	859,795	-	179,623	1,039,418
Interest expense	9,246	36,739	492,992	538,977
Lease instalment paid	(330,008)	(394,027)	(1,191,542)	(1,915,577)
Balance as at 31 December 2022	740,385	631,452	10,172,055	11,543,892

	2023 RO	2022 RO
Non-current portion of lease liability	8,931,701	9,960,263
Current portion of lease liability	1,166,703	1,583,629
	10,098,404	11,543,892

Amount recognised in profit or loss

	2023 RO	2022 RO
Interest expense on lease liabilities	514,654	538,977
Depreciated on right-of-use asset	1,538,234	1,554,402

Amount recognised in statement of cash flows

	2023 RO	2022 RO
Total cash outflow for leases	1,922,706	1,915,577

20 Government subsidy

Financial subsidy received from Telecommunications Regulatory Authority (TRA) to provide fixed internet service to villages and rural communities that have not received internet services. There are no unfulfilled conditions or other contingencies attaching to these grants. As a result, the management has recognized a receivable amount of RO 1.5 million from TRA during the year (2022: 2.3 million has been recognized).

21 Derivative financial instruments

Cashflow hedging reserve movement

	2023 RO	2022 RO
As at 1 January	-	1,491,701
Hedging reserve reclassified to profit or loss upon termination	-	(1,754,942)
Deferred tax liability reclassified to profit or loss upon termination (note 8)	-	263,241
Hedging reserve at the end of the year (net of tax)	-	-

On 3 September 2018, the Group entered into a loan agreement, for term loan facility Asian Infrastructure Investment Bank. The Dollar loan facility bear interest at USD LIBOR plus applicable margins. In accordance with the agreement, the Group has fixed the rate of interest through Interest Rate Swap Agreements ("IRS") entered into with Sohar International Bank SAOG, Bank Muscat SAOG and Ahli Bank SAOG dated 19 October 2020, 3 August 2021 and 22 October 2020 respectively, for its entire USD loan facility. However, during the year 2022 as mentioned in borrowing note 17 Group entered into refinancing and capex tranche arrangement with local bank of RO 171 million and has repaid the AIIB bank in full as a result the interest rate swap arrangement with Sohar International Bank SAOG, Bank Muscat SAOG and Ahli Bank SAOG was cancelled.

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2023 (continued)**

22 Retention receivable

	2023 RO	2022 RO
Retention receivable	<u>40,106</u>	<u>40,106</u>

23 Equity accounted investee

The Group's investments in joint venture and associates as at 31 December 2023 are as follows

Investment Name	Percentage of holding	Opening Balance RO	Additional investment during the year RO	Share of profit/loss for the year RO	Impairment provision RO	Net investment RO
Blockchain Solutions and Services LLC (BSS)	49%	200,000	480,392	(309,963)	-	370,429
Data Migration and Services LLC (Rihal)	20%	1,051,559	-	24,602	-	1,076,161
Oman Horizon LLC (OHL)	25%	901,577	-	(31,473)	(13,604)	856,500
Prime Business Solutions LLC (OSOS)	20%	1,138,168	-	(180,152)	-	958,016
Innovative Technology for Innovation LLC (INNO)	23%	-	500,000	(10,118)	-	489,882
Oman Data Network LLC	20%	-	33,100	-	-	33,100
		<u>3,291,304</u>	<u>1,013,492</u>	<u>(507,104)</u>	<u>(13,604)</u>	<u>3,784,088</u>

The Group's investments in joint venture and associates as at 31 December 2022 are as follows

Investment Name	Percentage of holding	Opening Balance RO	Additional investment during the year RO	Share of profit/loss for the year RO	Impairment provision RO	Net investment RO
Blockchain Solutions and Services LLC	49%	1,056,512	191,803	(207,220)	(841,095)	200,000
Data Migration and Services LLC (Rihal)	20%	-	1,020,000	31,559	-	1,051,559
Oman Horizon LLC (OHL)	25%	-	901,577	-	-	901,577
Prime Business Solutions LLC (OSOS)	20%	-	1,300,000	(161,832)	-	1,138,168
		<u>1,056,512</u>	<u>3,413,380</u>	<u>(337,493)</u>	<u>(841,095)</u>	<u>3,291,304</u>

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2023 (continued)

23 Equity accounted investee (continued)

Summarised financial information for joint ventures

Set out below is the summarised financial information of the indirect joint ventures and associates which are accounted for using the equity method as at reporting date. The summarized financial information are unaudited.

Summarised statement of financial position:

As at 31 December 2023	BSS RO	RIHAL RO	OSOS RO	OHL RO	INNO
ASSETS					
Non-current assets	462,983	1,738,607	2,419,316	1,861,919	180,107
Current assets	858,596	1,110,610	715,959	1,626,615	498,518
Total assets	1,321,579	2,849,217	3,135,275	3,488,534	678,625
EQUITY AND LIABILITIES					
Total equity	829,326	1,257,307	331,969	3,480,415	583,000
LIABILITIES					
Non-current liabilities	65,914	676,005	120,499	-	-
Current liabilities	426,339	915,905	2,682,807	8,119	95,625
Total liabilities	492,253	1,591,910	2,803,306	8,119	95,625
Total equity and liabilities	1,321,579	2,849,217	3,135,275	3,488,534	678,625

As at 31 December 2022	BSS RO	RIHAL RO	OSOS RO	OHL RO	
ASSETS					
Non-current assets	391,264	1,013,891	1,576,647	-	-
Current assets	527,650	1,095,179	963,893	3,606,308	
Total assets	918,914	2,109,070	2,540,540	3,606,308	
EQUITY AND LIABILITIES					
Total equity	484,470	1,134,891	1,275,872	3,606,308	
LIABILITIES					
Non-current liabilities	66,245	741,095	22,384	-	-
Current liabilities	368,199	233,084	1,242,285	-	-
Total liabilities	434,444	974,179	1,264,669	-	-
Total equity and liabilities	918,914	2,109,070	2,540,541	3,606,308	

Summarised statement of profit or loss and other comprehensive income:

31 December 2023	BSS RO	RIHAL RO	OSOS RO	OHL RO	*INNO RO
Revenue	93,205	2,410,279	484,745	-	418,106
Operating costs	(169,947)	(1,258,499)	(454,708)	(37,054)	(268,582)
Operating profit/(loss)	(76,743)	1,151,780	30,038	(37,054)	149,524
Other non-operation expenses					
Other expenses	(703,740)	(1,021,209)	(908,574)	(115,693)	(271,197)
Other income	37,801	13,243	3,460	26,856	35
Interest expense	(1,526)	(20,805)	(25,686)	-	-
Income tax	111,631	-	-	-	-
Net profit / (loss)	(632,577)	123,009	(900,762)	(125,891)	(121,638)

*The share of loss is proportion for Innovative Technology for Innovation LLC (INNO) as investment was made on 21st August 2023.

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
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23 Equity accounted investee (continued)

	BSS RO	RIHAL RO	OSOS RO	OHL RO
31 December 2022				
Revenue	707,065	1,878,994	390,960	-
Operating costs	(245,625)	(1,007,395)	(406,068)	-
Operating profit/(loss)	461,440	871,599	(15,108)	-
Other non-operation expenses				
Other expenses	(1,016,330)	(714,116)	(799,353)	-
Other income	18,121	7,642	9,264	-
Interest expense	(5,048)	(7,330)	(3,965)	-
Income tax	118,921	-	-	-
Net profit / (loss)	(422,896)	157,795	(809,162)	-

The Group has 20% stake in Oman Data Network LLC. We have not shown the financial position since Company have no operation as of 31 December 2023.

24 Financial assets at fair value through profit or loss

The Group classifies the following financial assets at fair value through profit or loss (FVPL):

- equity investments that are held for trading, and
- equity investments for which the entity has not elected to recognise fair value gains and losses through OCI.

	2023 RO	2022 RO
Level 1 – financial assets:		
Financial assets at fair value through profit or loss		
-Equity securities	79,002	161,752
Level 3 – financial assets:		
Financial assets at fair value through profit or loss		
-Equity securities	21,073,865	21,162,086
-Debt securities	2,102,387	6,409,263
Total financial assets at fair value through profit or loss	23,255,254	27,733,101

The equity securities includes certain investments in multiple funds amounting to RO 1.989 million of which the management has determined their fair values based on the unaudited fund administrator certificate. Furthermore, it also includes unquoted investment in Oman Tower Company LLC amounting to RO 620,000 valued based on the underlying net asset value using the Management accounts of Oman Tower Company LLC as of 30 September 2023.

	2023 RO	2022 RO
As at 1 January	27,733,101	31,747,979
Purchase of investments during the period	1,581,837	4,268,198
Net changes in fair value of investments during the period	(6,094,034)	(8,366,210)
Interest from debt securities at fair value through profit or loss	116,830	276,705
Disposals during the period	(82,480)	(193,571)
At 31 December	23,255,254	27,733,101

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2023 (continued)

24 Financial assets at fair value through profit or loss (continued)

Net changes in fair value of investments during the period:

	2023 RO	2022 RO
-Realised	24,822	(6,174)
-Change in unrealized	(6,118,856)	(8,360,036)
At 31 December	<u>(6,094,034)</u>	<u>(8,366,210)</u>

(i) Financial assets at fair value through profit or loss can be analysed as follows:

	Fair value 2023 RO	Cost 2023 RO	Fair value 2022 RO	Cost 2022 RO
Debt securities	2,102,387	3,572,211	2,618,140	3,523,394
Equity securities				
Overseas quoted	79,002	1,334,018	161,752	1,334,018
Overseas – unquoted	15,412,037	8,059,791	19,657,372	7,292,083
Local – unquoted	5,661,828	4,791,144	5,295,837	4,258,345
	<u>23,255,254</u>	<u>17,757,164</u>	<u>27,733,101</u>	<u>16,407,840</u>

ii) The geographical distribution of investments is as follows:

	2023 RO	2022 RO
Middle East and Africa	21,388,114	25,179,363
Australia	1,016,964	1,843,562
Europe	-	155,200
Asia	173,442	554,976
North America	676,734	-
Total	<u>23,255,254</u>	<u>27,733,101</u>

For fair value hierarchy, refer to note 36.

25 Inventories

	2023 RO	2022 RO
Trading goods	2,108,570	3,528,186
Less: allowance for slow moving and obsolete items	<u>(1,093,031)</u>	-
	<u>1,015,539</u>	<u>3,528,186</u>

During the year an amount of RO 1,093,031 has been charged to profit and loss for slow moving and obsolete items (2022: nil).

26 Share capital pending registration

	2023 RO	2022 RO
At 1 January	153,445,172	153,445,172
Transfer to share capital	<u>(153,445,172)</u>	-
At 1 January	<u>-</u>	<u>153,445,172</u>

On December 2022, the Board of Directors in an extra ordinary general meeting approved the transfer of share capital pending registration of RO 153,445,172 to the share capital of the Group. During 2023, the Group commercial registration has been changed and the share capital of the Group increased from RO 500,000 to RO 153,945,172.

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2023 (continued)**

27 Revenue from contract with customers

The Group generates revenue from the customer based in Sultanate of Oman. Following are the business categories:

	2023 RO	2022 RO
Revenue from sales of computers recognized point in time	1,456,546	377,580
Revenue from fiber optic network construction service recognized over time	1,211,941	2,600,737
Revenue from infrastructure network related services recognized point in time	1,334,620	1,382,579
Revenue from consultancy services recognized at point in time	1,967,064	149,444
Revenue from sale and installation of terminals recognized point in time	9,715	43,853
Other revenues	294,309	260,484
	<u><u>6,274,195</u></u>	<u><u>4,814,677</u></u>

28 Infrastructure lease income

	2022 RO	2021 RO
Operating lease income	<u><u>34,423,978</u></u>	<u><u>26,427,843</u></u>

29 Other income

	2023 RO	2022 RO
Gain on termination of cash flow hedge	-	7,489,592
Other income	289,575	277,540
Tender fees and miscellaneous income	725,887	235,201
	<u><u>1,015,462</u></u>	<u><u>8,002,333</u></u>

30 Finance income

	2023 RO	2022 RO
Interest income on deposits	2,968,024	1,713,228
Exchange gain	7,423	-
Loan provided to related parties	151,350	4,553
	<u><u>3,126,797</u></u>	<u><u>1,717,781</u></u>

30.1 Finance cost

	2023 RO	2022 RO
Interest on borrowings	(5,004,236)	(7,966,864)
Interest on lease liabilities (note 19)	(514,654)	(538,977)
Bank charges	(39,927)	(15,818)
Deferred financing cost (note 17)	(74,656)	-
	<u><u>(5,633,473)</u></u>	<u><u>(8,521,659)</u></u>

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2023 (continued)**

31 Operating costs

	2023	2022
	RO	RO
Special project	1,748,041	557,753
Cost of computers sold	2,097,132	319,523
Modem installation costs	938,653	893,625
Terminal and capacity	153,514	78,170
Operation and maintenance	1,637,267	1,979,090
	<u>6,574,607</u>	<u>3,828,161</u>

32 Other expenses

	2023	2022
	RO	RO
Corporate and office expenses	1,217,096	1,017,412
Repair and maintenance	1,006,717	981,883
IT related expenses	471,684	445,240
Advertisement expenses	349,852	429,399
Consultancy expenses	666,882	271,955
Miscellaneous expenses	352,737	269,988
Insurance	239,899	209,967
Utilities	235,902	203,043
Motor vehicle related expenses	104,414	123,337
Directors sitting fees	172,900	127,017
Research & development	117,191	76,279
Loss on disposal of asset	-	37,091
Bank charges	13,541	27,783
Legal and professional charges	745,236	27,655
Short term lease expenses	30,511	24,837
	<u>5,724,562</u>	<u>4,272,886</u>

33 Staff costs

	2023	2022
	RO	RO
Salaries, wages and allowances	6,528,817	4,809,478
Other employee related costs	1,927,279	2,929,102
Reversal of employees' end of service benefits (note 18)	-	(125,270)
Employees' end of service benefits (note 18)	144,221	88,984
Social security costs	592,168	755,891
	<u>9,192,485</u>	<u>8,458,185</u>

Staff costs have been allocated to:

	2023	2022
	RO	RO
Operating expenses	9,192,485	8,458,185
Capitalised under property and equipment (note 6)	3,253,904	2,768,659
	<u>12,446,389</u>	<u>11,226,844</u>

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2023 (continued)**

34 Related parties

Related parties comprise the shareholders, directors, key management personnel and business entities in which they have the ability to control or exercise significant influence in financial and operating decisions.

The Group maintains balances with these related parties which arise in the normal course of business from the commercial transactions, and are entered into at terms and conditions mutually agreed between the parties.

The Group has applied the exemptions as allowed for ‘Government entities’ under IAS 24 – ‘Related party disclosures’, for disclosure of transactions and balances with another entity that is a related party because of the Government having control or jointly control of, or significant influence over, both the Group and the other entity, except for transactions and balances material to the Group.

The following is a summary of transactions and balances with related parties which are included in the consolidated financial statements:

(a) *Transactions during the year:*

	2023 RO	2022 RO
Sales of services to:		
Other related parties	89,317	1,908,488
Government related entities	1,211,941	2,600,737
	<u>1,301,258</u>	<u>4,509,225</u>

(b) *Compensation of key management personnel*

Key management personnel are those persons having authority and responsibility for planning, directing and controlling the activities of the Group, directly or indirectly, including any Director (whether executive or otherwise).

Compensation of key management personnel during the year was as follows:

	2023 RO	2022 RO
Short-term employee benefits	1,964,214	2,395,435
Directors’ sitting fees	172,900	127,017
	<u>2,137,114</u>	<u>2,522,452</u>

(c) *The year end balances with related parties are as under:*

	2023 RO	2022 RO
Due from related parties:		
Other related parties	1,114,554	152,177
Government related entities	24,746	26,754
	<u>1,139,300</u>	<u>178,931</u>
Due to related parties:		
Government related entities	<u>86,642</u>	<u>86,643</u>

Government related entities include balances which are unsecured, interest free and payable on demand.

35 Contingencies and commitments

At 31 December 2023, the Group had contingent liabilities in respect of bank guarantees amounting to RO 257,309 (2022 - RO 484,392). Capital commitments of the entity as at 31 December 2023 amounted to RO 4,044,117 (2022 - RO 5,716,559).

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2023 (continued)**

36 Fair value hierarchy

The Group measures fair values using the following fair value hierarchy that reflects the significance of the inputs used in making the measurements:

- Level 1: Quoted market price (unadjusted) in an active market for an identical instrument. Fair values of financial assets and financial liabilities that are traded in active markets are based on quoted market prices or dealer price quotations.
- Level 2: Valuation techniques based on observable inputs, either directly (i.e., as prices) or indirectly (i.e., derived from prices). This category includes instruments valued using: quoted market prices in active markets for similar instruments; quoted prices for identical or similar instruments in markets that are considered less than active; or other valuation techniques where all significant inputs are directly or indirectly observable from market data.
- Level 3: Valuation techniques using significant unobservable inputs. This category included all instruments where the valuation technique includes inputs not based on observable data and the unobservable inputs have a significant effect on the instrument's valuation. This category includes instrument that are valued base on quoted prices for similar instruments where significant unobservable adjustments or assumptions are required to reflect differences between the instruments.

The Group's financial assets at fair value through other comprehensive income are carried at level 3 of the fair value hierarchy. There was no movement in the fair value hierarchy for measurement of the financial instruments during the year.

Type	Valuation technique	Significant unobservable inputs	Inter-relationship between significant unobservable inputs and fair value measurement
Equity securities -	The valuation model is based on multiples revenue at the last available price round of the investee Companies.	Revenue multiples calculated using last funding rounds of respective Companies	The estimates fair value would increase / (decrease) if revenue was higher / (lower).
Debt securities	The valuation model is based on the present value of cash flows which are discounted using the weighted average cost of capital (WACC)	Weighted Average Cost of Capital (WACC) varies as per structure and nature of the Company.	The estimated fair value would increase / (decrease) if WACC was lower / (higher).

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2023 (continued)**

37 Non-controlling interest

a) The following table summarizes the information relating to each of the Group's subsidiaries that has Non-controlling interest.

31 December 2023	Oman Technology Fund Holding Company SAOC	Onsor Technologies LLC	Oman Broadband Company SAOC	TOTAL
RO	RO	RO	RO	RO
NCI Percentage	33.50%	51%	39%	
Non-current assets	6,098,686	608,337	225,393,788	232,100,811
Current assets	14,277,037	1,578,794	41,779,257	57,635,088
Non-current liability	-	(1,870,204)	(145,399,440)	(147,269,644)
Current liabilities	(1,339,555)	(3,826,628)	(23,393,560)	(28,559,743)
Net assets	19,036,168	(3,509,701)	98,380,045	113,906,512
Carrying Amount of NCI	6,378,566	(2,128,700)	38,368,218	42,618,084
Income / revenue (Loss)/Profit for the year	(5,278,066)	1,530,576	39,760,814	36,013,324
OCI	(5,985,586)	(3,407,876)	9,030,166	(363,296)
Total comprehensive (loss)/ profit	-	-	-	-
Loss / (profit) allocated to NCI	(5,985,586)	(3,407,876)	9,030,166	(363,296)
OCI allocated to NCI	(1,218,067)	(1,738,015)	1,001,190	(1,954,892)
	-	-	-	-
Cash flows from operating activities	766,706	(575,132)	8,729,955	8,921,529
Cash flows from investing activities	-	(344,263)	(49,682,817)	(50,027,080)
Cash flows from financing activities	409,717	833,799	37,595,819	38,839,335
Net increase/(decrease) in cash and cash equivalents	1,176,423	(85,596)	(3,357,043)	(2,266,216)
Balance as at 01 January 2023	7,596,633	(390,684)	-	7,205,949
Non-controlling interest arising on the partial disposal of Oman Broadband Company SAOC	-	-	37,367,027	37,367,027
Share of (loss)/ profit for the year	(1,218,067)	(1,738,015)	1,001,190	(1,954,892)
Balance as at 31 December 2023	6,378,566	(2,128,699)	38,368,217	42,618,084

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2023 (continued)

37 Non-controlling interest (continued)

31 December 2022	Oman Technology Fund Holding Company SAOC	Onsor Technologies LLC	TOTAL
RO	RO	RO	RO
NCI Percentage	30.87%	51%	
Non-current assets	11,376,752	359,465	11,736,217
Current assets	14,537,599	3,924,233	18,461,832
Non-current liability	-	135,587	135,587
Current liabilities	(1,302,314)	4,249,937	5,552,251
Net assets	24,612,037	(101,826)	24,510,211
Carrying Amount of NCI	7,596,633	(390,684)	7,205,949
Income / revenue	(6,597,696)	466,534	(6,131,162)
Loss for the year	(7,304,212)	(928,956)	(8,233,168)
OCI	-	-	-
Total comprehensive loss	(7,304,212)	(928,956)	(8,233,168)
Loss allocated to NCI	(1,486,407)	(473,768)	(1,960,175)
OCI allocated to NCI	-	-	-
Cash flows from operating activities	(3,538,499)	(1,468,261)	(5,006,760)
Cash flows from investing activities	-	(9,174)	(9,174)
Cash flows from financing activities	3,272,777	1,539,700	4,812,477
Net increase/(decrease) in cash and cash equivalents	(265,722)	62,256	(203,266)
Balance as at 01 January 2022	6,727,820	83,084	6,810,904
Contribution to equity not transferred to share capital	2,355,220	-	2,355,220
Share of loss for the year	(1,486,407)	(473,768)	(1,960,175)
Balance as at 31 December 2022	7,596,633	(390,684)	7,205,949

b) The following table summarizes the information relating to transaction with non-controlling interest

In October 2023, the Group disposed off 39% interest in Oman Broadband Company SAOC, reducing its ownership from 100% to 61%, at the disposal date the carrying amount of net assets of Oman Broadband Company SAOC were RO 95,812,891, total proceeds in the form of cash consideration was RO 49,089,402. The Group recognized an increase in non-controlling interest of RO 37,367,027 and the excess consideration received of RO 11,722,375 recognized in the transactions with non-controlling interests reserve within equity.

	RO
Carrying amount of net assets of Oman Broadband Company SAOC on disposal date	95,812,891
% of ownership interest disposed off	39%
NCI acquired at disposal date	(37,367,027)
Cash consideration received	49,089,402
Excess consideration recognized in the transactions with non-controlling interests within equity	11,722,375

