

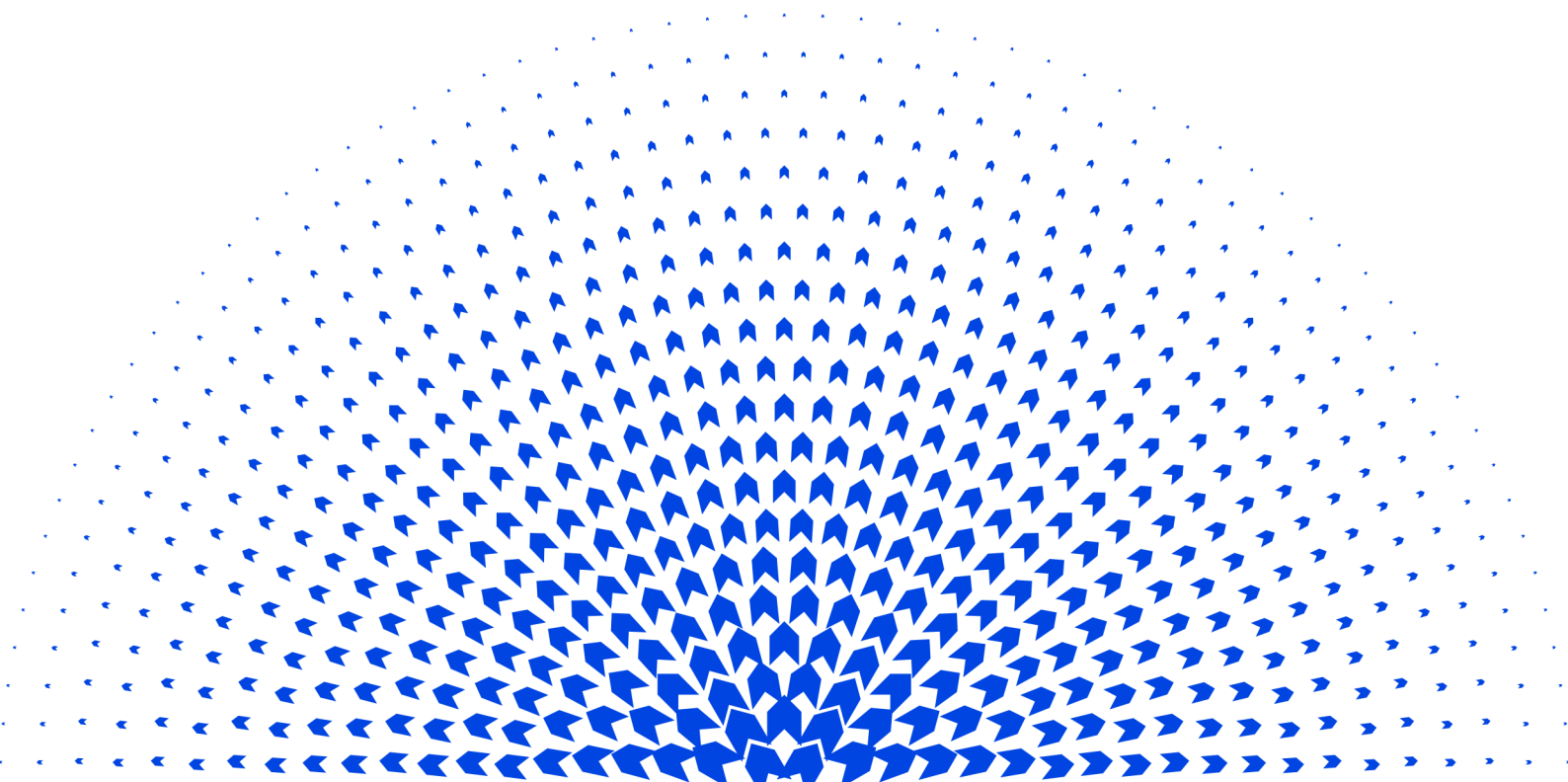
مجموعة تداول السعودية
Saudi Tadawul Group

Q1 2023

SAUDI TADAWUL GROUP HOLDING COMPANY

(A Saudi Joint Stock Company)

Condensed Consolidated Interim Financial Statements
For the three-month period ended 31 March 2023
and the Independent Auditor's review report





	<u>PAGES</u>
INDEPENDENT AUDITOR'S REVIEW REPORT	1
CONDENSED CONSOLIDATED INTERIM STATEMENT OF FINANCIAL POSITION	2
CONDENSED CONSOLIDATED INTERIM STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME	3
CONDENSED CONSOLIDATED INTERIM STATEMENT OF CHANGES IN EQUITY	4
CONDENSED CONSOLIDATED INTERIM STATEMENT OF CASH FLOWS	5
NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS	6 – 30



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INDEPENDENT AUDITOR'S REVIEW REPORT ON THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS TO THE SHAREHOLDERS OF SAUDI TADAWUL GROUP HOLDING COMPANY (A SAUDI JOINT STOCK COMPANY)

Introduction

We have reviewed the accompanying condensed consolidated interim statement of financial position of Saudi Tadawul Group Holding Company (A Saudi Joint Stock Company) (the "Company") and its subsidiaries (collectively referred to as the "Group") as at 31 March 2023 and the related condensed consolidated interim statement of profit and loss and other comprehensive income, condensed consolidated interim statement of changes in equity and condensed consolidated interim statement of cash flows for the three-month period then ended, and a summary of significant accounting policies and other explanatory notes. Management is responsible for the preparation and presentation of these condensed consolidated interim financial statements in accordance with International Accounting Standard 34, "Interim Financial Reporting" ("IAS 34") that is endorsed in the Kingdom of Saudi Arabia. Our responsibility is to express a conclusion on these condensed consolidated interim financial statements based on our review.

Scope of Review

We conducted our review in accordance with International Standard on Review Engagements 2410, "Review of Interim Financial Information Performed by the Independent Auditor of the Entity" that is endorsed in the Kingdom of Saudi Arabia. A review of interim financial information consists of making inquiries, primarily of the persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing ("ISAs") that are endorsed in the Kingdom of Saudi Arabia and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the accompanying condensed consolidated interim financial statements are not prepared, in all material respects, in accordance with IAS 34 that is endorsed in the Kingdom of Saudi Arabia.

Other Matter

The condensed consolidated interim financial statements of the Group for the three-month period ended 31 March 2022 were reviewed by another auditor who express and unmodified review conclusion on those condensed consolidated interim financial statements on 14 Shawwal 1443H (corresponding to 15 May 2022).

for Ernst & Young Professional Services

Waleed G. Tawfiq
Certified Public Accountant
License No. (437)

Riyadh: 24 Ramadan 1444H
(15 April 2023)





CONDENSED CONSOLIDATED INTERIM STATEMENT OF FINANCIAL POSITION

As at 31 March 2023

(Saudi Arabian Riyals)

	<i>Notes</i>	31 March 2023 (Unaudited)	31 December 2022 (Audited)
ASSETS			
Non-current assets			
Property and equipment		113,350,163	110,404,115
Intangible assets		137,598,319	139,298,385
Investments in associates	5	412,285,743	400,697,523
Right-of-use assets	6	207,075,453	5,310,445
Investments	7	171,386,539	55,809,077
Total non-current assets		1,041,696,217	711,519,545
Current assets			
Investments	7	667,094,124	618,569,219
Accounts receivable	8	101,563,762	64,348,393
Prepaid expenses and other current assets	9	129,209,032	116,105,444
Clearing participant financial assets	10	3,834,848,296	4,060,678,204
Cash and cash equivalents	11	2,054,541,240	2,118,826,096
Total current assets		6,787,256,454	6,978,527,356
Total assets		7,828,952,671	7,690,046,901
EQUITY AND LIABILITIES			
Equity			
Share capital	1	1,200,000,000	1,200,000,000
Statutory reserve	12	360,000,000	360,000,000
Retained earnings		1,710,472,312	1,619,689,827
Total equity		3,270,472,312	3,179,689,827
Non-current liabilities			
Lease liabilities	13	159,786,243	-
Employees' end-of-service benefits liability	14	82,560,766	79,561,092
Total non-current liabilities		242,347,009	79,561,092
Current liabilities			
Clearing participant financial liabilities	15	3,790,292,056	4,031,775,573
Accounts payable	16	110,422,144	30,928,875
Balance due to Capital Market Authority (CMA)	17	22,419,411	19,375,330
Deferred revenue	18	121,687,038	16,722,361
Accrued expenses and other current liabilities	19	185,123,607	264,771,975
Zakat provision	20	86,189,094	67,221,868
Total current liabilities		4,316,133,350	4,430,795,982
Total liabilities		4,558,480,359	4,510,357,074
Total equity and liabilities		7,828,952,671	7,690,046,901

The accompanying notes from (1) through (35) form an integral part of these condensed consolidated interim financial statements


Chairperson


Group Chief Executive Officer


Group Chief Financial Officer



CONDENSED CONSOLIDATED INTERIM STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the three-month period ended 31 March 2023

(Saudi Arabian Riyals)

	Notes	For the three-month period ended 31 March	
		2023 (Unaudited)	2022 (Unaudited)
Operating revenue	21	211,251,109	293,948,992
Operating costs	22	(101,377,570)	(85,110,621)
Gross profit		109,873,539	208,838,371
General and administrative expenses	23	(56,499,284)	(52,461,397)
Allowance for expected credit losses		(2,103,468)	(2,160,283)
Operating profit		51,270,787	154,216,691
Investment income	24	45,556,742	9,918,468
Share of results of associates	5	(9,300,900)	(1,595,097)
Reversal of impairment in investment in associates	5.1	20,889,120	-
Finance costs	25	(1,034,294)	(682,822)
Other income, net		1,626,313	202
Non-operating profit		57,736,981	7,640,751
Profit before zakat for the period		109,007,768	161,857,442
Zakat expense	20	(18,225,283)	(21,222,308)
Net profit for the period		90,782,485	140,635,134
Other comprehensive income		-	-
Total comprehensive income for the period		90,782,485	140,635,134
Basic and diluted earnings per share	26	0.76	1.17

The accompanying notes from (1) through (35) form an integral part of these condensed consolidated interim financial statements



Chairperson



Group Chief Executive Officer



Group Chief Financial Officer

**SAUDI TADAWUL GROUP HOLDING COMPANY**

(A Saudi Joint Stock Company)

CONDENSED CONSOLIDATED INTERIM STATEMENT OF CHANGES IN EQUITY

For the three-month period ended 31 March 2023

(Saudi Arabian Riyals)

	<u>Share capital</u>	<u>Statutory reserve</u>	<u>Retained earnings</u>	<u>Total equity</u>
Balance as at 1 January 2023 (Audited)	1,200,000,000	360,000,000	1,619,689,827	3,179,689,827
Net profit and total comprehensive income for the period	-	-	90,782,485	90,782,485
Balance as at 31 March 2023 (Unaudited)	1,200,000,000	360,000,000	1,710,472,312	3,270,472,312
Balance as at 1 January 2022 (Audited)	1,200,000,000	360,000,000	1,532,440,906	3,092,440,906
Net profit and total comprehensive income for the period	-	-	140,635,134	140,635,134
Balance as at 31 March 2022 (Unaudited)	1,200,000,000	360,000,000	1,673,076,040	3,233,076,040

The accompanying notes from (1) through (35) form an integral part of these condensed consolidated interim financial statements


Chairperson
Group Chief Executive Officer
Group Chief Financial Officer



CONDENSED CONSOLIDATED INTERIM STATEMENT OF CASH FLOWS

For the three-month period ended 31 March 2023

(Saudi Arabian Riyals)

	Notes	For the three-month period ended 31 March	
		2023 (Unaudited)	2022 (Unaudited)
Cash flows from operating activities			
Profit before zakat for the period		109,007,768	161,857,442
<i>Adjustments to reconcile profit before zakat for the period to net cash generated from operating activities:</i>			
Depreciation and amortization	22,23	17,604,914	12,628,504
Allowance for expected credit losses	7,8	2,103,468	2,160,283
Reversal of impairment in investment in associates	5.1	(20,889,120)	-
Provision for employees' end-of-service benefits	14	3,329,084	2,857,676
Realised gain on sale of investments	24	(497,599)	(152,782)
Unrealised gain on investments	24	(6,124,373)	(8,368,971)
Dividend income	24	(362,384)	(1,003,871)
Commission income	24	(38,572,386)	(392,844)
Share of results of associates	5	9,300,900	1,595,097
Finance costs on lease liabilities		-	248,079
Changes in operating assets and liabilities:			
Accounts receivable		(39,318,777)	(65,069,328)
Prepaid expenses and other current assets		(12,361,647)	1,009,686
Accounts payable		79,493,269	3,040,548
Balance due to Capital Market Authority (CMA)		3,044,081	10,784,727
Deferred revenue		104,964,677	102,433,614
Accrued expenses and other current liabilities		(79,648,368)	(43,835,658)
Clearing participant financial assets		238,871,592	(1,835,058,126)
Clearing participant financial liabilities		(241,483,517)	1,818,523,844
Net cash generated from operations		128,461,582	163,257,920
Employees' end-of-service benefits paid	14	(329,410)	(595,797)
Net cash flows from operating activities		128,132,172	162,662,123
Cash flows from investing activities			
Purchase of investments		(287,550,717)	(347,285,361)
Proceeds from disposal of investments		129,083,728	207,196,645
Commission income received on investment at amortised cost		2,957,437	342,802
Dividend income received		65,038	1,007,584
Commission received on time deposits		23,857,145	-
Purchase of intangible assets and property and equipment		(11,963,332)	(5,315,256)
Net cash flows used in investing activities		(143,550,701)	(144,053,586)
Cash flows from financing activities			
Finance cost paid of lease liabilities		-	(248,079)
Principal repayment of lease liabilities	13	(48,866,327)	(3,151,392)
Net cash flows used in financing activities		(48,866,327)	(3,399,471)
Net increase / (decrease) in cash and cash equivalents		(64,284,856)	15,209,066
Cash and cash equivalents at beginning of the period		2,118,826,096	86,197,458
Cash and cash equivalents at end of the period	11	2,054,541,240	101,406,524

The accompanying notes from (1) through (35) form an integral part of these condensed consolidated interim financial statements


Chairperson


Group Chief Executive Officer


Group Chief Financial Officer

(A Saudi Joint Stock Company)

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

For the three-month period ended 31 March 2023

(Saudi Arabian Riyals)

1. GENERAL

Saudi Tadawul Group Holding Company (formerly "Saudi Stock Exchange Company") (the Company) is a Saudi joint stock company registered in the Kingdom of Saudi Arabia under Commercial Registration number 1010241733 dated 2/12/1428 H (corresponding to 12 December 2007). The Company was established by the Royal Decree no. M/15 dated 01/03/1428 H (corresponding to 20 March 2007) and the Ministry of Commerce resolution no. 320/k dated 1/12/1428 H (corresponding to 11 December 2007).

On 1 June 2021, the Company announced its restructuring which resulted in transforming the Saudi Stock Exchange Company (Tadawul) into a holding company under the name of Saudi Tadawul Group Holding Company, a parent company of four wholly owned subsidiaries; Saudi Exchange Company (Exchange), Securities Clearing Center Company (Muqassa), the Securities Depository Center Company (Edaa), and Tadawul Advance Solution Company (Wamid). The details of these subsidiaries are given in note 1.1. From 1 June 2021, the operations of the Company, that included listing, trading and dissemination of securities information were transferred to Exchange.

The Company was wholly owned by the Government of the Kingdom of Saudi Arabia (the "Government") as ultimate controlling party through the Public Investment Fund ("PIF" or "Parent"). On 8 December, 2021, the Company completed its Initial Public Offering ("IPO") and its ordinary shares were listed on the Saudi Stock Exchange. In connection with the IPO, the Government through PIF sold 30% of their stake representing 36 million ordinary shares. On 13 November 2022, PIF sold an additional 10% of their stake representing 12 million ordinary shares. Accordingly, PIF now holds 60% (31 December 2022: 60%) of the share capital. As at 31 March 2023, the authorized, issued and fully paid-up share capital of the Company is SAR 1,200 million (31 December 2022: SAR 1,200 million) divided into 120 million shares (31 December 2022: 120 million shares) of SAR 10 each.

These consolidated financial statements comprise the financial statements of the Company and its subsidiaries (collectively referred to as "the Group").

The Company's main activities, after becoming a holding company, are managing and supporting subsidiaries or participating in the management of other companies in which it owns shares, investing its funds in shares and other securities, owning real estate and other properties in connection with its businesses, granting loans, guarantees and financing to its subsidiaries, and owning and leasing industrial property rights to its subsidiaries or other companies.

The Group's main activities through dedicated subsidiaries (given in note 1.1) is to provide a listing service, create and manage the mechanisms of trading of securities, providing depository and registration services for securities ownership, clearing of securities trades, dissemination of securities information and engage in any related other activity to achieve the objectives as defined in the Capital Market Law.

The Company's registered office address is as follows:

6897 King Fahd Road - Al Olaya
Unit Number: 15
Riyadh 12211-3388
Kingdom of Saudi Arabia

(A Saudi Joint Stock Company)

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

For the three-month period ended 31 March 2023

*(Saudi Arabian Riyals)***1. GENERAL (CONTINUED)**

1.1 Details of the Company's subsidiaries:

Name of subsidiaries	Country of incorporation and legal status	Commercial registration dated	Business activity	Ownership, direct and effective		Paid up share capital
				March 2023	December 2022	
Securities Depository Center Company ("Edaa")	Kingdom of Saudi Arabia, Closed Saudi Joint Stock Company	27/11/1437 H (corresponding to 30 August 2016 G)	Depository and registration of securities	100%	100%	400,000,000
Securities Clearing Center Company ("Muqassa")	Kingdom of Saudi Arabia, Closed Saudi Joint Stock Company	02/06/1439 H (corresponding to 18 February 2018 G)	Clearing services of securities	100%	100%	600,000,000
Tadawul Advance Solution Company ("Wamid")	Kingdom of Saudi Arabia, Closed Saudi Joint Stock Company	10/02/1442 H (corresponding to 28 September 2020 G)	Financial technology solutions, innovative capital market solutions for stakeholders	100%	100%	75,000,000
Saudi Exchange Company ("Exchange")	Kingdom of Saudi Arabia, Closed Saudi Joint Stock Company	17/08/1442 H (corresponding to 31 March 2021G)	Listing and trading of securities, market information dissemination	100%	100%	600,000,000

1.2 Details of the Company's associates:

Name of associates	Country of incorporation and legal status	Commercial registration dated	Business activities	Ownership, direct and effective		Paid up share capital
				March 2023	December 2022	
Tadawul Real Estate Company ("TREC")	Kingdom of Saudi Arabia, Limited Liability Company	22/02/1433 H (corresponding to 17 January 2012 G)	Buying, selling, renting, managing and operating real estate facilities	33.12%	33.12%	1,280,000,000
Regional Voluntary Carbon Market Company ("RVCM"), refer Note 6.2	Kingdom of Saudi Arabia, Limited Liability Company	28/03/1444 H (corresponding to 24 October 2022 G)	Active market and Auction for Carbon Credits	20%	20%	175,000,000

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

For the three-month period ended 31 March 2023

(Saudi Arabian Riyals)

2. BASIS OF PREPARATION**2.1 Statement of compliance**

These interim condensed consolidated interim financial statements for the period ended 31 March 2023 have been prepared in compliance with International Accounting Standard ("IAS") 34 "Interim Financial Reporting" as endorsed in the Kingdom of Saudi Arabia, other standards and pronouncements issued by the Saudi Organization for Chartered and Professional Accountants ("SOCPA") and in compliance with the provisions of the Regulations for Companies in the Kingdom of Saudi Arabia and the by-laws of the Company. The accounting policies in these condensed consolidated interim financial statements are consistent with those in the Group's annual consolidated financial statements for the year ended 31 December 2022.

These condensed consolidated interim financial statements do not include all information and disclosures required for a complete set of financial statements and should be read in conjunction with the Group's last annual consolidated financial statements for the year ended 31 December, 2022. In addition, results for the three-month periods ended 31 March 2023 are not necessarily indicative of the results that may be expected for the financial year ending 31 December 2023.

2.2 Basis of measurement

These condensed consolidated interim financial statements have been prepared on a historical cost basis, except for financial assets measured at fair value through profit or loss and employees' end-of-service benefits which is using the projected unit credit method and discounted to their present value.

2.3 Functional and presentation currency

These condensed consolidated interim financial statements are presented in Saudi Arabian Riyals ("SAR"), which is the functional and presentational currency of the Group. All amounts have been rounded to the nearest SAR.

2.4 Critical accounting estimates and judgments

In preparing these condensed consolidated interim financial statements, management has made judgements and estimates that affect the application of accounting policies and the reported amounts of assets and liabilities, income and expense. Actual results may differ from these estimates.

The significant judgements made by management in applying the Group's accounting policies and the key sources of estimation uncertainty were the same as those described in the last annual consolidated financial statements for the year ended December 31, 2022.

3. BASIS OF CONSOLIDATION

These condensed consolidated interim financial statements comprise the financial statements of Saudi Tadawul Group Holding Company and its subsidiaries (collectively referred to as "the Group"). Control is achieved if the Group is exposed to or has rights to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee. Specifically, the Group controls an investee if and only if the Group has:

- power over the investee (i.e. existing rights that give it the current ability to direct the relevant activities of the investee);
- exposure, or rights, to variable returns from its involvement with the investee; and
- the ability to use its power over the investee to affect its returns.

Generally, there is a presumption that a majority of voting rights result in control. To support this presumption and when the Group has less than a majority of the voting or similar rights of an investee, the Group considers all relevant facts and circumstances in assessing whether it has power over an investee, including:

- the contractual arrangement with the other vote holders of the investee;
- rights arising from other contractual arrangements; and
- the Group's voting rights and potential voting rights.

The Group re-assesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control. Consolidation of a subsidiary begins when the Group obtains control over the subsidiary and ceases when the Group loses control of the subsidiary. Assets, liabilities, income and expenses of a subsidiary acquired or disposed of during the period are included in the condensed consolidated interim financial statements from the date the Group obtains control until the date the Group ceases to control the subsidiary.

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

For the three-month period ended 31 March 2023

(Saudi Arabian Riyals)
3. BASIS OF CONSOLIDATION (CONTINUED)

Profit or loss and each component of other comprehensive income (OCI) are attributed to the equity holders of the parent of the Group and to the non-controlling interests, even if this results in the non-controlling interests having a deficit balance. When necessary, adjustments are made to the condensed consolidated interim financial statements of subsidiaries to bring their accounting policies into line with the Group's accounting policies. All intra-group assets and liabilities, equity, income, expenses and cash flows relating to transactions between members of the Group are eliminated in full on consolidation.

A change in the ownership interest of a subsidiary, without a loss of control, is accounted for as an equity transaction. If the Group loses control over a subsidiary, it derecognises the related assets (including goodwill), liabilities, non-controlling interest and other components of equity while any resultant gain or loss is recognised in the consolidated statement of income. Any investment retained is recognised at fair value.

4. NEW STANDARDS AND AMENDMENTS ISSUED

The accounting policies adopted in the preparation of the interim condensed consolidated financial statements are consistent with those followed in the preparation of the Group's annual consolidated financial statements for the year ended 31 December 2022, except for the adoption of new standards effective as of 1 January 2023. The Group has not early adopted any standard, interpretation or amendment that has been issued but is not yet effective. The International Accounting Standard Board (IASB) has issued following accounting standards, amendments, which were effective from periods on or after January 1, 2023. The management has assessed that the amendments have no significant impact on the Group's interim condensed financial statements.

IFRS 17, 'Insurance contracts' This standard replaces IFRS 4, which permits a wide variety of practices in accounting for insurance contracts.

Narrow scope amendments to IAS 1, Practice statement 2 and IAS 8. The amendments aim to improve accounting policy disclosures and to help users of the financial statements to distinguish between changes in accounting estimates and changes in accounting policies.

Amendment to IAS 12 – deferred tax related to assets and liabilities arising from a single transaction - requires companies to recognise deferred tax on transactions that, on initial recognition, give rise to equal amounts of taxable and deductible temporary differences.

Standards and amendments issued and not yet effective

The new and amended standards and interpretations that are issued, but not yet effective, up to the date of issuance of the Group's consolidated financial statements are disclosed below. The Group intends to adopt these new and amended standards and interpretations, if applicable, when they become effective.

Effective for annual financial periods beginning on or after	Standard, amendment or interpretation	Summary of requirements
1 January 2024	Amendments to IAS 1, 'Presentation of financial statements', on classification of liabilities	These narrow-scope amendments to IAS 1, 'Presentation of financial statements', clarify that liabilities are classified as either current or noncurrent, depending on the rights that exist at the end of the reporting period and non-current liabilities with covenants.
1 January 2024	Amendments to IFRS 16 - Lease Liability in a Sale and Leaseback	The amendments require seller-lessee to subsequently measure lease liabilities arising from a leaseback in a way that it does not recognise any amount of the gain or loss that relates to the right of use it retains.

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

For the three-month period ended 31 March 2023

(Saudi Arabian Riyals)

5. INVESTMENTS IN ASSOCIATES

		31 March 2023 (Unaudited)	31 December 2022 (Audited)
	<i>Notes</i>		
Investment in Tadawul Real Estate Company ("TREC")	5.1	377,594,795	365,697,523
Investment in Regional Voluntary Carbon Company ("RVCMC")	5.2	34,690,948	35,000,000
Total		412,285,743	400,697,523

5.1 Investment in TREC

This represents the Group's share of investment in TREC, a company incorporated in the Kingdom of Saudi Arabia, where the Company has significant influence through voting rights. As at 31 March 2023, the Group owns 33.12% (31 December 2022: 33.12%) of the share capital of TREC. The main activities of this associate is to develop a commercial office tower in King Abdullah Financial District, Riyadh, where the Group expects to be headquartered.

During the period ended 31 March 2023, the Group assessed whether there is any indication that an impairment loss recognised in prior years may no longer exist or may have decreased. Considering the completion of TREC's rental building "Tadawul Tower" and committed occupancy, the Group carried out an impairment test and estimated the recoverable amount to be more than the carrying amount and reversed impairment amounting to SAR 20.89 million (31 March 2022: Nil).

The Group has recognized its share of loss for the three-month period ended 31 March 2023, based on the management accounts of the associate. Any variance between TREC management accounts and audited financial statements are recorded in the preceding period.

The movement in carrying value of investment is as follows:

	For the three- month period ended 31 March 2023 (Unaudited)	For the year ended 31 December 2022 (Audited)
Balance as at 1 January	365,697,523	375,616,085
Reversal of impairment	20,889,120	-
Share of results	(8,991,848)	(9,918,562)
Balance at end of the period / year	377,594,795	365,697,523

The following table summarizes the financial information of the associate as included in the management accounts as at 31 March 2023 and financial statements as at 31 December 2022:

	31 March 2023 (Unaudited)	31 December 2022 (Audited)
Summarized statement of financial position		
Total current assets	161,101,305	32,825,683
Total non-current assets	2,279,331,913	2,282,712,671
Total current liabilities	137,864,326	85,461,524
Total non-current liabilities	1,162,487,993	1,062,846,629
Net assets (100%)	1,140,080,899	1,167,230,201
	For the three- month period ended 31 March 2023 (Unaudited)	For the year ended 31 December 2022 (Audited)
Summarized statement of profit or loss and other comprehensive income		
Total revenue	4,137,666	-
Net loss for the period / year	(31,748,270)	(29,983,133)
Total comprehensive loss for the period / year	(31,748,270)	(29,983,133)

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

For the three-month period ended 31 March 2023

(Saudi Arabian Riyals)

5. INVESTMENT IN ASSOCIATES (CONTINUED)

5.2 Investment in RVCMC

This represents the Group's share of investment in RVCMC, a company incorporated in the Kingdom of Saudi Arabia on 25 October 2022. RVCMC offers guidance and resourcing to support businesses and industries in the region as they play their part in the global transition to net zero, ensuring that carbon credit purchases go above and beyond meaningful emission reductions in value chains. The RVCMC's capital amounts to SAR 500 million (paid up capital SAR 175 million), where PIF holds 80% stake and the Company holds 20% stake. RVCMC is headquartered in Riyadh, Kingdom of Saudi Arabia.

The movement of investment carrying value is as follows:

	For the period ended 31 March 2023 (Unaudited)	For the year ended 31 December 2022 (Audited)
Balance as at 1 January	35,000,000	-
Investments made during the period / year	-	35,000,000
Share of results	(309,052)	-
Balance at end of the period / year	34,690,948	35,000,000

The following table summarizes the financial information of the associate as included in the management accounts as at 31 March 2023:

	31 March 2023 (Unaudited)
Summarized statement of financial position	
Total assets	175,507,825
Total liabilities	2,053,089
Net assets (100%)	173,454,736
	For the period 24 October 2022 to 31 March 2023 (Unaudited)
Summarized statement of profit or loss and other comprehensive income	
Total revenue	-
Net loss for the period / year	(1,545,264)
Total comprehensive loss for the period / year	(1,545,264)

6. RIGHT-OF-USE ASSETS

	<i>Note</i>	31 March 2023	31 December 2022
Balance as at 1 January		5,310,445	7,120,394
Additions		207,897,014	11,201,872
Depreciation charge for the period / year	6.1	(6,132,006)	(13,011,821)
Balance at the end of period / year		207,075,453	5,310,445

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

For the three-month period ended 31 March 2023

(Saudi Arabian Riyals)

6. RIGHT-OF-USE ASSETS (CONTINUED)

6.1 Depreciation expenses is allocated as follows:

	<i>Note</i>	31 March 2023	31 December 2022
General and administrative expenses		1,785,495	7,812,506
Operating costs		1,390,450	5,199,315
Cost directly attributable to capital work-in-progress under property and equipment	6.2	2,956,061	-
Total		6,132,006	13,011,821

6.2 On 1 March 2023, the Group signed a lease agreement for its new head quarter with TREC (an associate company). Initial lease term is for five years and is renewable at Group's discretion subject to terms and conditions of the agreement. The Group has been provided grace period and it is being utilized to perform fit-out works at the office premises to bring it to condition for its intended use. Consequently, the depreciation and finance cost are considered by the Group as cost directly attributable cost in bringing the office premises in condition necessary to be capable of operating in the manner as intended by Group's management. These cost hence are capitalized and currently recorded as capital work-in-progress under property and equipment.

7. INVESTMENTS

Investment securities portfolios are summarized as follows:

	<i>Notes</i>	31 March 2023 (Unaudited)	31 December 2022 (Audited)
Non-current			
Investments at amortized cost	7.1	171,386,539	55,809,077
		171,386,539	55,809,077
Current			
Investments at FVTPL	7.2	667,094,124	618,569,219
		667,094,124	618,569,219

7.1 Investments at amortized cost:

This represents investment in Sukuks issued by counterparties operating in the Kingdom of Saudi Arabia having sound credit ratings. The Sukuks carry an average commission rate of 5.21% per annum as of 31 March 2023 (2022: 2.5%).

The details of these investments are as follow:

	31 March 2023 (Unaudited)	31 December 2022 (Audited)
Investment in Sukuk – Bank Albilad (Credit rating A3)	55,862,081	55,809,283
Investment in Sukuk – Saudi Government Sukuk (2022-03-15 - Credit rating A3)	61,441,157	-
Investment in Sukuk – Saudi Government Sukuk (2020-02-15 - Credit rating A1)	54,083,567	-
Impairment loss on investments at amortized cost (7.1.1)	(266)	(206)
Total	171,386,539	55,809,077
	31 March 2023 (Unaudited)	31 December 2022 (Audited)
Investment at amortized cost – non current	171,386,539	55,809,077
Total	171,386,539	55,809,077

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

For the three-month period ended 31 March 2023

(Saudi Arabian Riyals)

7. INVESTMENTS (CONTINUED)

7.1.1 The movement of the expected credit losses on investments held at amortized cost is summarized as follows:

	31 March 2023 (Unaudited)	31 December 2022 (Audited)
Balance as at 1 January	206	46,862
(Reversal) / charge for the period / year	60	(46,656)
Balance at the end of the period / year	266	206

Below is the break-up of investment at amortized cost:

31 March 2023

<u>Description</u>	<u>Maturity date</u>	<u>Face value</u>	<u>Classification</u>
Bank Albilad SAR Denominated Tier 2	15 April 2031	55,000,000	Non-current asset
Saudi Government SAR Sukuk (2022-03-15)	17 March 2037	61,317,467	Non-current asset
Saudi Government SAR Sukuk (2020-02-15)	24 February 2035	53,815,777	Non-current asset

31 December 2022

<u>Description</u>	<u>Maturity date</u>	<u>Face value</u>	<u>Classification</u>
Bank Albilad SAR Denominated Tier 2	15 April 2031	55,000,000	Non-current asset

7.2 Investments at fair value through profit or loss ("FVTPL")

This represents investments in units of mutual funds. The cost and fair value of investments held at FVTPL are as follows:

	31 March 2023 (Unaudited)		31 December 2022 (Audited)	
	<u>Cost</u>	<u>Fair value</u>	<u>Cost</u>	<u>Fair value</u>
Money market funds	638,886,817	659,336,908	594,704,109	610,812,003
Real estate funds	20,250,000	7,757,216	20,250,000	7,757,216
Total	659,136,817	667,094,124	614,954,109	618,569,219

8. ACCOUNTS RECEIVABLE

	<u>Notes</u>	31 March 2023 (Unaudited)	31 December 2022 (Audited)
Accounts receivable:			
- Related parties	28	19,067,280	13,558,085
- Others		110,710,690	76,901,108
Less: allowance for expected credit losses	8.1	(28,214,208)	(26,110,800)
Total		101,563,762	64,348,393

Receivable balances are non-commission bearing and have payment terms ranging from immediate to thirty days.

8.1 The movement in the allowance for expected credit losses is summarized as follows:

	31 March 2023 (Unaudited)	31 December 2022 (Audited)
Balance as at 1 January	26,110,800	25,795,719
Charge for the period / year	2,103,408	315,081
Balance at the end of the period / year	28,214,208	26,110,800

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

For the three-month period ended 31 March 2023

(Saudi Arabian Riyals)

9. PREPAID EXPENSES AND OTHER CURRENT ASSETS

	<i>Notes</i>	31 March 2023 (Unaudited)	31 December 2022 (Audited)
Advance against purchase of property	9.1	77,500,000	77,500,000
Advanced to vendor		15,266,907	8,064,317
Prepaid insurance expenses		9,859,610	10,997,526
Accrued operational revenue		7,416,985	6,589,018
Advance to employees		4,085,783	5,020,765
Value Added Tax (VAT), net		2,711,614	-
Other receivables	9.2	12,368,133	7,933,818
Total		129,209,032	116,105,444

9.1 This represents an advance paid to SAMA as partial payment for purchasing part of a property in King Abdullah Financial District.

9.2 Other receivable balances are non-commission bearing and have payment terms ranging from immediate to thirty days.

10. CLEARING PARTICIPANT FINANCIAL ASSETS

	<i>Notes</i>	31 March 2023 (Unaudited)	31 December 2022 (Audited)
<i>Financial assets at amortised cost:</i>			
Deposits with Saudi Central Bank (SAMA)	10.1	1,637,839,359	3,061,369,467
Investment in SAMA Bills	10.2	2,197,008,937	999,308,737
		3,834,848,296	4,060,678,204

10.1 Deposits with Saudi Central Bank (SAMA):

This represents cash collateral received from clearing participants in the form of initial margin, variation margin and default funds for the equity and derivatives markets. Commission is earned on such deposits at the prevailing market rates offered by SAMA. A portion of the commission is recorded as commission income from SAMA deposits in investment income (refer note 24) by the Group and the clearing members' share of the commission earned is added to their collateral accounts. These funds are not available for use in the operations of the Group.

	31 March 2023 (Unaudited)	31 December 2022 (Audited)
Deposits with SAMA - relating to Equities markets	1,606,978,242	3,030,450,725
Deposits with SAMA - relating to Derivatives markets	30,861,117	30,918,742
	1,637,839,359	3,061,369,467

10.2 Investment in SAMA Bills:

	<i>Note</i>	31 March 2023 (Unaudited)	31 December 2022 (Audited)
Investment in SAMA Bills	10.2.1	2,197,008,937	999,308,737

**NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS**

For the three-month period ended 31 March 2023

*(Saudi Arabian Riyals)***10. CLEARING PARTICIPANT FINANCIAL ASSETS (CONTINUED)**

10.2.1 These represent investment in SAMA Bills from deposits received from clearing participants in the form of initial margin, variation margin and default funds for the equity and derivatives markets. Commission is earned on such Bills at the prevailing market rates offered by SAMA. A portion of the commission is recorded as commission income from SAMA Bills in investment income (refer note 24) by the Group and the clearing members' share of the commission earned is added to their collateral accounts. These funds are not available for use in the operations of the Group.

As of each reporting date, all deposits with SAMA and SAMA Bills are assessed to have low credit risk as these are placed/issued by Government sovereign financial institutions and there has been no history of default with any of the Group's deposit and investments in bills. Therefore, the probability of default based on forward looking factors and any loss given defaults are considered to be negligible.

11. CASH AND CASH EQUIVALENTS

		31 March 2023 (Unaudited)	31 December 2022 (Audited)
Cash at banks – current accounts		106,136,154	49,821,541
Deposit with SAMA	<i>11.1</i>	16,500,000	16,500,000
Time deposits with original maturities equal to or less than three month from the date of acquisition	<i>11.2</i>	1,931,905,086	2,052,504,555
		<u>2,054,541,240</u>	<u>2,118,826,096</u>

11.1 Commission is earned on deposit with SAMA at the prevailing market rates offered by SAMA.

11.2 These time deposits are placed with financial institutions in the Kingdom of Saudi Arabia with original maturities of less than three months. Commission is also earned on these time deposits as per the prevailing market rates.

12. STATUTORY RESERVE

The shareholder in the extraordinary general assembly held on 17th August 2021 has decided to discontinue setting aside such percentage when said reserve reaches 30% of paid-in capital. The Company has reached the required reserve level. The statutory reserve in the consolidated financial statements is the statutory reserve of the Company. This reserve is currently not available for distribution to the shareholders of the Company.

13. LEASE LIABILITIES

This represents amount of lease liabilities as per IFRS 16 for the rented offices of the Group. Following are the classification and maturity analysis of lease liabilities:

		31 March 2023 (Unaudited)	31 December 2022 (Audited)
Balance as at 1 January		-	982,913
Additions		207,897,014	11,201,873
Finance cost	<i>6.2, 13.1</i>	755,556	130,602
Payment		(48,866,327)	(12,315,388)
Balance at the end of period / year		<u>159,786,243</u>	<u>-</u>

13.1 Finance cost incurred for the period ended 31 March 2023 amounting to of SAR 755,556 has been included in capital work-in-progress under property and equipment. Refer note 6.2 for details.

**NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS**

For the three-month period ended 31 March 2023

*(Saudi Arabian Riyals)***14. EMPLOYEES' END-OF-SERVICE BENEFITS LIABILITY**

The movement in employees' end-of-service benefits is as follows:

	31 March 2023	31 December 2022
<i>Note</i>	(Unaudited)	(Audited)
Balance as at 1 January	79,561,092	96,876,185
Current service cost	2,294,790	10,064,443
Interest cost	1,034,294	2,241,385
	<i>25</i>	
Amount recognised in profit or loss	3,329,084	12,305,828
Re-measurement (gain) / loss recognized in other comprehensive income	-	(22,650,595)
Benefits paid during the period / year	(329,410)	(6,970,326)
Balance at the end of the period / year	82,560,766	79,561,092

15. CLEARING PARTICIPANT FINANCIAL LIABILITIES

	31 March 2023	31 December 2022
<i>Notes</i>	(Unaudited)	(Audited)
<i>Financial liabilities at amortised cost:</i>		
Collateral from clearing members	3,785,983,146	4,027,470,603
Members' contribution to clearing house funds	4,308,910	4,304,970
	<i>15.1</i>	
	<i>15.2</i>	
	3,790,292,056	4,031,775,573

15.1 The deposits from clearing participants represents amounts received from clearing participants as collateral in lieu of initial margin, variation margin and default funds for the equity and derivatives markets. These deposits are subject to commission, a portion of which is shared and included in the clearing participant financial assets.

15.2 This represents a prefunded default arrangement that is composed of assets contributed by clearing members that may be used by the Group in certain circumstances to cover the losses or liquidity pressure resulting from participant defaults.

16. ACCOUNTS PAYABLE

	31 March 2023	31 December 2022
<i>Note</i>	(Unaudited)	(Audited)
Trade payables:		
Others	110,372,761	30,880,997
Related parties	49,383	47,878
	<i>28</i>	
Total	110,422,144	30,928,875

Payables are non-commission bearing and are settled on terms ranging from immediate to sixty days.

17. BALANCE DUE TO CAPITAL MARKET AUTHORITY (CMA)

The Group acts as a collection agent on behalf of CMA where their trading commission share is collected and transferred to them on an agreed mechanism. Such portion is not recognized as Group's revenue.

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

For the three-month period ended 31 March 2023

(Saudi Arabian Riyals)

18. DEFERRED REVENUE

	31 March 2023 (Unaudited)	31 December 2022 (Audited)
Balance as at beginning of the period / year	16,722,361	3,214,902
Invoiced during the period / year	170,282,283	209,652,633
Recognised as revenue during the period / year	(65,317,606)	(196,145,174)
Balance at the end of the period / year	121,687,038	16,722,361

19. ACCRUED EXPENSES AND OTHER CURRENT LIABILITIES

	31 March 2023 (Unaudited)	31 December 2022 (Audited)
Accrued employee expenses	45,236,631	115,362,304
Payable for General Organization for Social Insurance	1,969,901	2,079,494
Value added tax (VAT), net	-	457,531
Board of Directors remuneration payable	6,833,332	9,337,500
Accrued supplier expenses:		
- Related party	9,395,311	11,836,063
- Others	121,688,432	125,699,083
Total	185,123,607	264,771,975

Other payables and statutory dues are non-commission bearing and are settled on terms ranging from immediate to sixty days.

20. ZAKAT PROVISION

Zakat is charged at the higher of net adjusted income or Zakat base as required by the ZATCA. The key elements of zakat base primarily includes equity components, net income and liabilities reduced by non-current assets as adjusted for zakat purpose.

The movements in zakat provision are as follows:

	31 March 2023 (Unaudited)	31 December 2022 (Audited)
Balance as at 1 January	67,221,868	66,663,698
Provision for Zakat for the period / year		
- Current period	18,225,283	67,221,868
- Prior year under / (over) provision	-	468,544
- Recoverable from MOF	741,943	-
	18,967,226	67,690,412
Zakat paid during the period / year	-	(67,132,242)
Balance at the end of the period / year	86,189,094	67,221,868

The Group is yet to file its consolidated Zakat return for the Company and its wholly-owned subsidiaries with ZATCA for year 2022. The Group is subject to Zakat in accordance with the Zakat regulation issued by GAZT based on Royal Decree 35657 issued on 29/6/1442 effective from 1 January 2020. Zakat assessment for 2020 and 2021 is pending finalization.

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

For the three-month period ended 31 March 2023

(Saudi Arabian Riyals)

21. OPERATING REVENUE

	For the three-month period ended 31 March	
	2023 (Unaudited)	2022 (Unaudited)
Revenue recognized over-time		
Post trade services	37,997,205	38,549,951
Data and technology services	31,461,654	24,609,817
Listing services	21,521,128	20,252,850
Membership fees	869,562	753,594
Derivatives services	451,578	272,095
	92,301,127	84,438,307
Revenue recognized at point-in-time		
Post trade services	69,017,981	109,102,321
Trading services	49,735,345	99,020,660
Listing services	190,000	1,375,000
Derivatives services	6,656	12,704
	118,949,982	209,510,685
Revenue from contracts with customers	211,251,109	293,948,992

The Group acts as a collection agent on behalf of CMA where their trading commission share is collected and transferred to them on an agreed mechanism. Such portion is not recognized as Group's revenue.

All of the Group's revenue is generated within the Kingdom of Saudi Arabia.

22. OPERATING COSTS

Operating costs include direct expenses incurred by the Group to provide services to its customers and the Saudi financial market. A breakdown of operating costs is as follows:

	<i>Note</i>	For the three-month period ended 31 March	
		2023 (Unaudited)	2022 (Unaudited)
Salaries and related benefits		39,777,091	32,670,150
CMA fees	22.1	32,500,000	32,500,000
Technology and network		13,051,664	8,842,128
Depreciation and amortization		13,785,731	8,579,830
Consultancy		307,423	1,070,013
Accommodation and utilities		1,037,670	1,282,302
Others		917,991	166,198
Total		101,377,570	85,110,621

22.1 This represents fees payable to the CMA in accordance with the details of the Market Institutions Deputy letter no. (17/268/6) dated 18 January 2017 which includes notification of CMA Board resolution, In addition to CMA Board resolution no. (3-2-2019) dated 7 January 2019.

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

For the three-month period ended 31 March 2023

(Saudi Arabian Riyals)

23. GENERAL AND ADMINISTRATIVE EXPENSES

	For the three-month period ended 31 March	
	<u>2023</u> (Unaudited)	<u>2022</u> (Unaudited)
Salaries and related benefits	36,920,474	33,502,527
Technology and network	4,888,962	3,455,899
Depreciation and amortization	3,819,183	4,048,674
Consultancy	2,096,208	1,336,627
Marketing and public relations	3,644,417	5,455,092
Accommodation and utilities	1,666,301	1,853,017
Board of Directors' remuneration	2,585,275	2,374,000
Others	878,464	435,561
Total	56,499,284	52,461,397

24. INVESTMENT INCOME

	For the three-month period ended 31 March	
	<u>2023</u> (Unaudited)	<u>2022</u> (Unaudited)
Commission income on time deposits	23,857,145	-
Realised gain on sale investments, net	497,599	152,782
Commission income on SAMA Bills, net	10,472,130	-
Unrealised gain on investments, net	6,124,373	8,368,971
Commission income on SAMA deposits, net	2,569,554	37,600
Dividend income	362,384	1,003,871
Commission income on investment at amortised cost	1,673,557	355,244
Total	45,556,742	9,918,468

25. FINANCE COSTS

	<i>Note</i>	For the three-month period ended 31 March	
		<u>2023</u> (Unaudited)	<u>2022</u> (Unaudited)
Finance cost on employees' end-of-service benefits liabilities	14	1,034,294	434,743
Finance expense on lease liabilities		-	248,079
Total		1,034,294	682,822

26. BASIC AND DILUTED EARNINGS PER SHARE

Basic and diluted earnings per share is computed by dividing profit attributable to the ordinary shareholders of the Company by the weighted average outstanding number of shares for the period ended 31 March 2023, totaling 120 million shares (31 March 2022: 120 million shares).

	For the three-month period ended 31 March	
	<u>2023</u> (Unaudited)	<u>2022</u> (Unaudited)
Net profit for the period	90,782,485	140,635,134
Weighted average outstanding number of shares	120,000,000	120,000,000
Earnings per share	0.76	1.17

**NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS**

For the three-month period ended 31 March 2023

*(Saudi Arabian Riyals)***27. CONTINGENCIES AND COMMITMENTS***Commitments*

27.1 Commitments represent the value not yet executed supply contracts of assets and services to the Group as follows:

	31 March 2023 (Unaudited)	31 December 2022 (Audited)
Capital expenditure commitments	23,994,603	25,368,036
Operating expenditure commitments	77,470,346	37,654,733
	101,464,949	63,022,769

27.2 On 18 Muharram 1444H corresponding to 16 August 2022, the Group's subsidiary Wamid has entered into a non-binding preliminary agreement with Direct Financial Network Company LLC and its indirect majority shareholder National Technology Group in order to begin the due diligence process and to negotiate the definitive agreements in relation to the potential acquisition of 51% of the issued capital of DFNC from its direct and indirect shareholders.

On 30 Jumada Al-Awwal 1444H corresponding to 24 November 2022, the Group signed a sale and purchase agreement between Group's subsidiary Wamid and National Two Ventures, which currently holds 99% of the share capital of DFNC for the acquisition of 51% of the issued share capital of DFNC. As at 31 March 2023, the acquisition has not been completed.

27.3 During the year end 31 December 2022, the Company entered into a short-term revolving financing facility agreement of SR 28 million to as part of business continuity and contingency liquidity planning. There has been no drawdown against the facility as of 31 March 2023.

Contingencies

	31 March 2023 (Unaudited)	31 December 2022 (Audited)
27.4 Letters of guarantee	5,641,700	1,147,940

27.5 The Group, in its ordinary course of business, is subject to proceedings, lawsuits and other claims. However, these matters are not expected to have any material impact on the Group's financial position or on the results of its operations as reflected in these condensed consolidated interim financial statements.

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

For the three-month period ended 31 March 2023

(Saudi Arabian Riyals)

28. TRANSACTIONS WITH RELATED PARTIES

During the ordinary course of business, the Company enters into transaction with its related parties. These related parties include:

- A) Parent as explained in Note 1;
- B) Other related parties that include entities which have either common directors with the Company's BOD and / or owned by Parent and / or have common directors with the BOD of Parent;
- C) Associate companies, refer Note 1.2 for details; and
- D) Key Management that includes the Company's Board of Directors (BOD) and key executives

28.1 Following are the total amount of transactions that have been entered into during the period / year with the related parties:

	<i>Notes</i>	For the three-month period ended 31 March	
		2023 (Unaudited)	2022 (Unaudited)
Parent			
Operating revenue from services rendered		1,267,500	-
Other related parties			
Operating revenue from services rendered		58,755,941	52,962,304
Commission income		8,944,135	355,244
Purchase of services (internet , utilities and others)		2,626,415	4,134,024
(Disposals) / purchase of investments at FVTPL		(11,720,883)	-
Associates			
Tadawul Real Estate Company – Share of results	5	(8,991,848)	(1,595,097)
Depreciation on right-of-use assets	6	2,956,061	-
Finance cost on lease liabilities	13	755,556	-
Investment in RVCN – Share of results	5	(309,052)	-
Key management personnel compensation			
Salaries and other short-term benefits		6,316,755	5,458,091
Post-employment benefits		386,351	1,113,719
Board of Directors' remuneration		2,585,275	2,374,000

Operating revenue from services rendered by the Company to the related parties included services of post trade, trading, listing, data and technology services, derivative and membership.

28.2 Following are the outstanding balances arising from related party transactions:

	<i>Notes</i>	31 March	31 December
		2023 (Unaudited)	2022 (Audited)
Parent			
Accounts receivable	8	-	-
Other related parties			
Investments held at FVTPL	7.2	2,000,023	13,720,906
Accounts receivable	8	19,067,280	13,558,085
Less: ECL allowance	8.1	(179,629)	(780,298)
Accounts receivable, net		18,887,651	12,777,787
Accrued expenses and other liabilities	16, 18, 19	27,408,737	18,102,697
Cash and cash equivalents	11	783,137,395	804,234,649
Clearing participant financial liabilities	15	719,736,944	866,246,957
Associates			
Accounts receivable - Tadawul Real Estate Company	8	-	538,071
Key management personnel			
Board of Directors remuneration payable	19	6,833,332	9,337,500

Outstanding balances at year end arise in in normal course of business. These balances are unsecured, commission free and are recoverable / payable on terms ranging from immediate to thirty days.

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

For the three-month period ended 31 March 2023

(Saudi Arabian Riyals)

29. SEGMENT INFORMATION

The Group operates solely in the Kingdom of Saudi Arabia. For management purposes, the Group is organized into business segments based on services provided. The reportable segments of the Group are:

Capital markets

The activities of this segment include trading commission for securities and derivative markets, admission fees from initial listing and further capital raises, annual fees charged for securities traded on the Group's markets and fees from secondary market services.

Post-trade

The activities of this segment include registration of investment portfolios in the filing and settlement system, register and file its ownership, transfer, settlement, clearing and safekeeping its ownership, registering any restriction of ownership on the file securities, and associate with members of the market and settlement agents to filing and settlement system. Furthermore, linking and managing records of securities issuers, organizing general assemblies for issuers including remote voting service for such assemblies, providing reports, notifications and information in addition to providing any other service relating to its activities according to financial market regulations.

Data and technology services

The activities of this segment are to grow the business of Data and Technology Services which includes offering high-quality real-time trading data, reference data, market indices, financial information to the financial community, financial technology solutions, research & development in the field of engineering & technology and innovative capital market solutions for stakeholders.

Corporate

Corporate manages future corporate development and controls all treasury related functions. All investments are incubated within this category, which also comprises managing strategy for business development, legal, finance, operations, information technology, human resources and customer relations management.

29.1 Financial information relating to operating segments:

31 March 2023 (Unaudited)	Capital markets	Data and technology services	Post- trade	Corporate	Total
Segment revenue	72,266,742	31,461,654	107,522,713	-	211,251,109
Segment costs excluding depreciation and amortization	(42,097,436)	(15,375,892)	(80,012,111)	(4,889,970)	(142,375,409)
Depreciation and amortization	(4,602,840)	(977,307)	(8,767,846)	(3,256,920)	(17,604,913)
Investment income	-	-	-	45,556,742	45,556,742
Reversal of impairment in investment in associates	-	-	-	20,889,120	20,889,120
Share of results of associates	-	-	-	(9,300,900)	(9,300,900)
Finance costs	-	-	-	(1,034,294)	(1,034,294)
Other income, net	-	-	-	1,626,313	1,626,313
Profit before Zakat	25,566,466	15,108,455	18,742,756	49,590,091	109,007,768
Zakat provision	-	-	-	(18,225,283)	(18,225,283)
Profit after Zakat	25,566,466	15,108,455	18,742,756	31,364,808	90,782,485

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

For the three-month period ended 31 March 2023

(Saudi Arabian Riyals)

29. SEGMENT INFORMATION (CONTINUED)
29.1 Financial information relating to operating segments (continued):

31 March 2022 (Unaudited)	Capital markets	Data and technology services	Post- trade	Corporate	Total
Segment revenue	121,280,303	24,609,817	148,058,872	-	293,948,992
Segment cost excluding depreciation and amortization	(37,491,192)	(10,542,676)	(75,857,631)	(3,212,297)	(127,103,796)
Depreciation and amortization	(4,334,279)	(598,015)	(5,193,708)	(2,502,503)	(12,628,505)
Investment income	-	-	-	9,918,468	9,918,468
Share of results of associates	-	-	-	(1,595,097)	(1,595,097)
Finance costs	-	-	-	(682,822)	(682,822)
Other income, net	-	-	-	202	202
Segment profit before Zakat	79,454,832	13,469,126	67,007,533	1,925,951	161,857,442
Zakat	-	-	-	(21,222,308)	(21,222,308)
Segment profit after Zakat	79,454,832	13,469,126	67,007,533	(19,296,357)	140,635,134

29.2 Operating revenue by operating segments

31 March 2023 (Unaudited)	Capital markets	Data and technology services	Post- trade	Total
Revenue recognised at a point-in-time				
Trading services	49,735,345	-	-	49,735,345
Post trade services	-	-	69,017,981	69,017,981
Listing services	190,000	-	-	190,000
Derivatives market	2,649	-	4,007	6,656
Revenue recognised over-time				
Data and technology services	-	31,461,654	-	31,461,654
Post trade services	-	-	37,997,205	37,997,205
Listing services	21,521,128	-	-	21,521,128
Derivatives market	413,058	-	38,520	451,578
Membership fees	404,562	-	465,000	869,562
Consolidated revenue	72,266,742	31,461,654	107,522,713	211,251,109

31 March 2022 (Unaudited)	Capital markets	Data and technology services	Post- trade	Total
Revenue recognised at a point-in-time				
Trading services	99,020,660	-	-	99,020,660
Post trade services	-	-	109,102,321	109,102,321
Listing services	1,375,000	-	-	1,375,000
Derivatives markets	3,604	-	9,100	12,704
Revenue recognised over-time				
Data and technology services	-	24,609,817	-	24,609,817
Post trade services	-	-	38,549,951	38,549,951
Listing services	20,252,850	-	-	20,252,850
Derivatives markets	227,095	-	45,000	272,095
Membership fees	401,094	-	352,500	753,594
Consolidated revenue	121,280,303	24,609,817	148,058,872	293,948,992

30. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT

The Group has exposure to the following risks from its activities and use of financial instruments:

- Market risk;
- Credit risk;
- Operational risk; and
- Liquidity risk.

This note presents information about the Group's exposure to each of the above risks and the Group's objectives, policies and processes for measuring and managing these risks. Furthermore, quantitative disclosures are included throughout these consolidated financial statements.

Risk management framework

The Board of Directors has an overall responsibility for the establishment and oversight of the Group's risk management framework. The Board is responsible for approving the Group's risk management policies. Furthermore, the Risk Management Committee is responsible for overseeing the effective implementation of the risk management policies.

The Group's risk management policies are established to identify and analyze the risks faced by the Group, to set appropriate risk limits & controls, and to monitor risks & adherence to limits. Risk management policies and systems are reviewed regularly to reflect changes in market conditions and the Group's activities. The Group, through its training, management standards and procedures aims to develop a disciplined and constructive control environment in which all employees understand their roles and obligations.

Risk management structure

A cohesive organisational structure is established within the Group in order to identify, assess, monitor and control risks.

Board of Directors

The apex of risk governance is the centralised oversight of the Board of Directors providing direction and the necessary approvals of strategies and policies in order to achieve defined corporate goals.

Senior management

Senior management is responsible for the day to day operations in respect of achieving the strategic goals within the Group's pre-defined risk appetite.

In order to manage the Group's Clearing services activities risks, the Group through one of its subsidiary (Muqassa) has an integrated and comprehensive risk management system and ensures that its risk management framework identifies, measures, monitors and manages the risks that it bears from Clearing Members as well as other key institutions. Group has as a low risk appetite for financial, liquidity, operational, market and credit concentration risk. This appetite helps drive the setting of conservative values when deciding on key measures such as the Default Fund Cover or Investment Duration. These risk management policies, procedures, systems and controls have been developed to adhere to the CMA's Securities Central Counterparties Regulation as well as align to both CPMI-IOSCO's Principles for Financial Market Infrastructures (PFMIs) and international best practices.

The risks faced by the Group and the way these risks are mitigated by management are summarised below:

30.1 Market risk

Market risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate, because of changes in market prices, 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. The Group limits market risk by maintaining a diversified portfolio and by monitoring the developments in financial markets. Market risk reflects price risk, currency risk and commission rate risk.

Price risk

Price risk is the risk that the value of financial instruments will fluctuate due to changes in market prices (other than risk arising from commission rate and foreign currency). The Group believes price risk does not arise for the Group based on the investment portfolio held.

**NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS**

For the three-month period ended 31 March 2023

*(Saudi Arabian Riyals)***30. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT (CONTINUED)****30.1 Market risk (continued)***Currency risk*

Currency risk is the risk that the value of financial instruments will fluctuate due to changes in foreign exchange rates. The Group is subject to fluctuations in foreign exchange rates in the normal course of its business. The Group is not exposed to currency risk and it did not undertake significant transactions in currencies other than Saudi Arabian Riyals.

Commission rate risk

Commission risk is the exposure to multiple risks related to the impact of changes in commission rates in the market on the Group's financial position and cash flows. The Group monitors the fluctuations in commission rates and believes that the impact of the risk is on certain financial instruments held by the Group.

A 1% change in the commission rates, with all other variables held constant, would impact the consolidated statement of profit or loss and other comprehensive income as set out below:

	For the three-month period ended 31 March	
	2023	2022
Effect on profit for the period	(+/-) 6,910,387	(+/-) 10,148,327

30.2 Credit risk

Credit risk is the risk of a financial loss to the Group if a customer or counterparty to a financial instrument fails to meet its contractual obligations and arises principally from the Group's accounts receivables from customers, cash at banks, time deposits and investment in debt securities.

The below schedule shows the maximum limit for exposure to credit risk of the consolidated statement of financial position elements:

	31 March 2023 (Unaudited)	31 December 2022 (Audited)
Investments at amortized cost	171,386,539	55,809,077
Advance for purchase of property	77,500,000	77,500,000
Cash and cash equivalents	2,054,541,240	2,118,826,096
Accounts receivable	101,563,762	64,348,393
Accrued operational revenue	7,416,985	6,589,018
Other receivables	12,368,133	7,933,818
Advance to employees	4,085,783	5,020,765
Total	2,428,862,442	2,336,027,167

Cash and cash equivalents

The Group keeps its surplus funds with banks having sound credit ratings. Currently the surplus funds are kept with banks that have ratings as follows:

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

For the three-month period ended 31 March 2023

(Saudi Arabian Riyals)

30. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT (CONTINUED)

30.2 Credit risk (continued)

Current accounts

Bank name	STANDARD & POOR		Moody's		Fitch	
	Long term	Short term	Long term	Short term	Long term	Short term
SABB	-	-	A1	P-1	BBB+	F2
SNB	A-	A-2	A1u	P-1u	A-	F1

Time deposit

Bank name	STANDARD & POOR		Moody's		Fitch	
	Long term	Short term	Long term	Short term	Long term	Short term
SABB	-	-	A1	P-1	BBB+	F2
SNB	A-	A-2	A1u	P-1u	A-	F1
Alinma Bank	-	-	-	-	BBB+	F2
ANB	BBB+	A-2	A1	P-1	BBB+	F2
SAIB	BBB	A-2	A2	P-1	BBB+	F2

Investments at amortized cost

This represents investments in sukuks issued by counter parties operating in the Kingdom of Saudi Arabia having sound credit ratings as disclosed in note 7.

Accounts receivable

Accounts receivable are shown net of the allowance for expected credit losses. The Group applies the IFRS 9 simplified approach in measuring expected credit losses which uses a lifetime expected loss allowance. To measure the expected credit losses, account receivables have been grouped based on the days past due. The historical loss rates are adjusted to reflect current and forward-looking information on macroeconomic factors affecting the ability of the customers to settle the receivables.

Accrued operational revenue

Accrued operating revenue represents earned revenue which is yet to be billed to customers. These are short-term in nature and no significant credit risk exists in the balance.

Advance to employees

This represents advances provided to employees on their request. Such advances are deducted from their monthly salaries. Therefore, no significant credit risk exists in the balance.

Advance for purchase of property

The Group is in the process of acquiring the second floor of the data center in the King Abdullah Financial District in Riyadh (the "Data Centre") for the purposes of its operations. The payment is made to SAMA which is the central bank of Kingdom of Saudi Arabia. Hence no significant credit risk exists.

Other receivables

Other receivables represent receivables from low credit risk counterparties and are short-term in nature.

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

For the three-month period ended 31 March 2023

(Saudi Arabian Riyals)

30. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT (CONTINUED)

30.3 Concentration of credit risk

The following table provides information about the exposure to credit risk and expected credit losses for receivables as at 31 March 2023.

	Weighted average loss rate %	Gross carrying amount	Loss allowance
0-30 days (not past due)	0.11	42,318,917	48,520
30-60 days	1.32	37,410,455	495,134
61-90 days	3.47	1,522,350	52,794
91-120 days	4.53	1,099,608	49,862
121-180 days	19.86	535,271	106,302
181-360 days	49.90	906,922	452,524
More than 360 days past due	58.74	45,984,447	27,009,072
		129,777,970	28,214,208

The following table provides information about the exposure to credit risk and expected credit losses for receivables as at 31 December 2022:

	Weighted average loss rate %	Gross carrying amount	Loss allowance
0-30 days (not past due)	5.32	38,500,808	2,047,362
30-60 days	16.61	1,571,384	260,961
61-90 days	17.43	773,297	134,770
91-120 days	15.75	238,742	37,593
121-180 days	30.26	507,197	153,457
181-360 days	25.21	1,573,163	396,595
More than 360 days past due	48.80	47,294,602	23,080,062
		90,459,193	26,110,800

30.4 Operational risk

Operational risk is the risk of direct or indirect loss arising from a wide variety of causes associated with the Group's processes, personnel, technology & infrastructure and from external factors other than credit, market & liquidity risks such as those arising from legal & regulatory requirements and generally accepted standards of corporate behavior. Operational risks arise from all of the Group's operations.

The Group's objective is to manage operational risk so as to balance the avoidance of financial losses and damage to the Group's reputation with overall cost effectiveness and to avoid control procedures that restrict initiative and creativity.

The adequacy and effectiveness of the governance of the Group and its subsidiaries, as well as risk management and internal controls, are examined and evaluated through the implementation of periodic internal audit tasks by the internal audit department. All internal audit reports are discussed with the concerned department and all these reports are submitted and presented to the audit committees and senior management of the Group and its subsidiaries.

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

For the three-month period ended 31 March 2023

(Saudi Arabian Riyals)

30. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT (CONTINUED)
30.5 Liquidity risk

Liquidity risk is the risk that the Group will encounter difficulty in meeting the obligations associated with its financial liabilities that are settled by delivering cash or another financial asset. The Group's approach to managing liquidity is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Group's reputation.

The below schedule shows an analysis of financial assets and liabilities based on the contractual maturities:

	31 March 2023 (Unaudited)				31 December 2022 (Audited)			
	Carrying amount	Less than 12 months	More than 12 months	Total	Carrying amount	Less than 12 months	More than 12 months	Total
Financial assets at fair value:								
Investments	667,094,124	667,094,124	-	667,094,124	618,569,219	618,569,219	-	618,569,219
Financial assets at amortised cost:								
Investments	171,386,539	-	171,386,539	171,386,539	55,809,077	-	55,809,077	55,809,077
Cash and cash equivalents	2,054,541,240	2,054,541,240	-	2,054,541,240	2,118,826,096	2,118,826,096	-	2,118,826,096
Clearing participant financial assets	3,834,848,296	3,834,848,296	-	3,834,848,296	4,060,678,204	4,060,678,204	-	4,060,678,204
Account receivables	101,563,762	101,563,762	-	101,563,762	64,348,393	64,348,393	-	64,348,393
Accrued operational revenue	7,416,985	7,416,985	-	7,416,985	6,589,018	6,589,018	-	6,589,018
Advance to employees	4,085,783	4,085,783	-	4,085,783	5,020,765	5,020,765	-	5,020,765
Advance for purchase of property	77,500,000	77,500,000	-	77,500,000	77,500,000	77,500,000	-	77,500,000
Other receivables	12,368,133	12,368,133	-	12,368,133	7,933,818	7,933,818	-	7,933,818
Total financial assets	6,930,804,862	6,759,418,323	171,386,539	6,930,804,862	7,015,274,590	6,959,465,513	55,809,077	7,015,274,590
Financial liabilities at amortised cost								
Clearing participant financial liabilities	3,790,292,056	3,790,292,056	-	3,790,292,056	4,031,775,573	4,031,775,573	-	4,031,775,573
Lease liabilities	159,786,243	-	191,269,188	191,269,188				
Accounts payable	110,422,144	110,422,144	-	110,422,144	30,928,875	30,928,875	-	30,928,875
Balance due to Capital Market Authority	22,419,411	22,419,411	-	22,419,411	19,375,330	19,375,330	-	19,375,330
Accrued expenses and other current liabilities	185,123,607	185,123,607	-	185,123,607	264,771,975	264,771,975	-	264,771,975
Total financial liabilities	4,268,043,461	4,108,257,218	191,269,188	4,299,526,406	4,346,851,753	4,346,851,753	-	4,346,851,753
Net financial assets	2,662,761,401	2,651,161,105	(19,882,649)	2,631,278,456	2,668,422,837	2,612,613,760	55,809,077	2,668,422,837

As at 31 March 2023 and 31 December 2022, undiscounted liabilities are repayable within 12 months from the reporting date.

**NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS**

For the three-month period ended 31 March 2023

*(Saudi Arabian Riyals)***30. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT (CONTINUED)****30.6 Changes in liabilities arising from financing activities**

	As at 1 January	Cash flows			As at 31 March
	2022	Receipts	Payments	New leases	2023
	Lease liabilities	-	-	(44,937,600)	204,723,843
	-	-	(44,937,600)	204,723,843	159,786,243

	As at 1 January	Cash flows			As at 31 December
	2021	Receipts	Payments	New leases	2022
	Lease liabilities	982,913	-	(12,184,785)	11,201,872
	982,913	-	(12,184,785)	11,201,872	-

30.7 Capital management

The primary objective of the Company's capital management is to ensure that it maintains healthy capital ratios in order to support its business and maximise shareholders' value.

The Company manages its capital structure and makes adjustments to it in light of changes in economic conditions. No changes were made in the objectives, policies or processes during the period / year ended 31 March 2023 and 31 December 2022. Equity comprises capital, statutory reserve and retained earnings, and is measured at SAR 3,270,472,312 as at 31 March 2023 (31 December 2022: SAR 3,179,689,827).

31. FAIR VALUE OF FINANCIAL INSTRUMENTS

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. Underlying the definition of fair value is the presumption that the Group is a going concern and there is no intention or requirement to curtail materially the scale of its operations or to undertake a transaction on adverse terms.

A financial instrument is regarded as quoted in an active market if quoted prices are readily and regularly available from an exchange dealer, broker, industry group, pricing service, or regulatory agency, and those prices represent actual and regularly occurring market transactions on an arm's length basis.

When measuring the fair value, the Group uses market observable data as far as possible. Fair values are categorized into different levels in a fair value hierarchy based on the inputs used in the valuation techniques as follows.

- Level 1: Quoted prices (unadjusted) in active markets for identical assets or liabilities that can be accessed at the measurement date
- Level 2: Inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).
- Level 3: Inputs for the asset or liability that are not based on observable market data (unobservable inputs).

The following table shows the carrying amounts and fair values of financial assets and financial liabilities, including their levels in the fair value hierarchy. The fair value of all other / remaining financial assets and financial liabilities not mentioned below approximates to their carrying values.



(A Saudi Joint Stock Company)

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

For the three-month period ended 31 March 2023

*(Saudi Arabian Riyals)***31. FAIR VALUE OF FINANCIAL INSTRUMENTS (CONTINUED)**

Investments at FVTPL classified as level 2 include units of mutual funds, the fair value of which is determined based on the latest reported net assets value (NAV) as at the date of consolidated statement of financial position.

31 March 2023 (Unaudited)

	Carrying Value	Fair value			Total fair value
		Level 1	Level 2	Level 3	
Investments – at FVTPL					
- Money market funds	659,336,908	-	659,336,908	-	659,336,908
- Real estate funds	7,757,216	-	7,757,216	-	7,757,216

31 December 2022 (Audited)

	Carrying Value	Fair value			Total fair value
		Level 1	Level 2	Level 3	
Investments – at FVTPL					
- Money market funds	610,812,003	-	610,812,003	-	610,812,003
- Real estate funds	7,757,216	-	7,757,216	-	7,757,216

There were no transfers between level 1 and level 2 fair value measurements, and no transfers into or out of level 3 fair value measurements as of 31 March 2023 (31 December 2022: Nil).

32. SUBSEQUENT EVENTS

There is no event subsequent to the period which requires disclosure in these consolidated financial statements. There is no event subsequent to the period which required any adjustment in the condensed consolidated interim financial statements.

33. DIVIDEND

The Board of Directors of the Company in their meeting on 5 March 2022 recommended the General Assembly which approved the distribution of dividends on 12 May 2022 to the shareholders for the fiscal year ended 31 December 2021 with a total amount of 360 million Saudi Riyals, equivalent to 3 Saudi Riyals per share representing 30% of the share par value, provided that the dividend eligibility shall be to the Shareholders who own the Company's shares and registered in the Company's register at the Securities Depository Center Company (Edaa) by the end of the second trading day following the date of the Company's General Assembly (the "Eligibility Date"), and the date of the dividend distribution shall be within fifteen days from the Eligibility Date.

On 25 February 2023, the Board of Directors of the Company recommended dividends to the shareholders for the fiscal year ended 31 December 2022 with a total amount of 277,130,872 Saudi Riyals, equivalent to Saudi Riyals 2.31 per share representing 23.1% of the share par value subject to the approval of the shareholders in the General Assembly of the Company.

34. RECLASSIFICATIONS

Certain comparative figures have been reclassified to conform to the current period presentation.

35. APPROVAL OF THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

The condensed consolidated interim financial statements have been approved by the Board of Directors on 24 Ramadan 1444H corresponding to 15 April 2023.