

Q1 2024

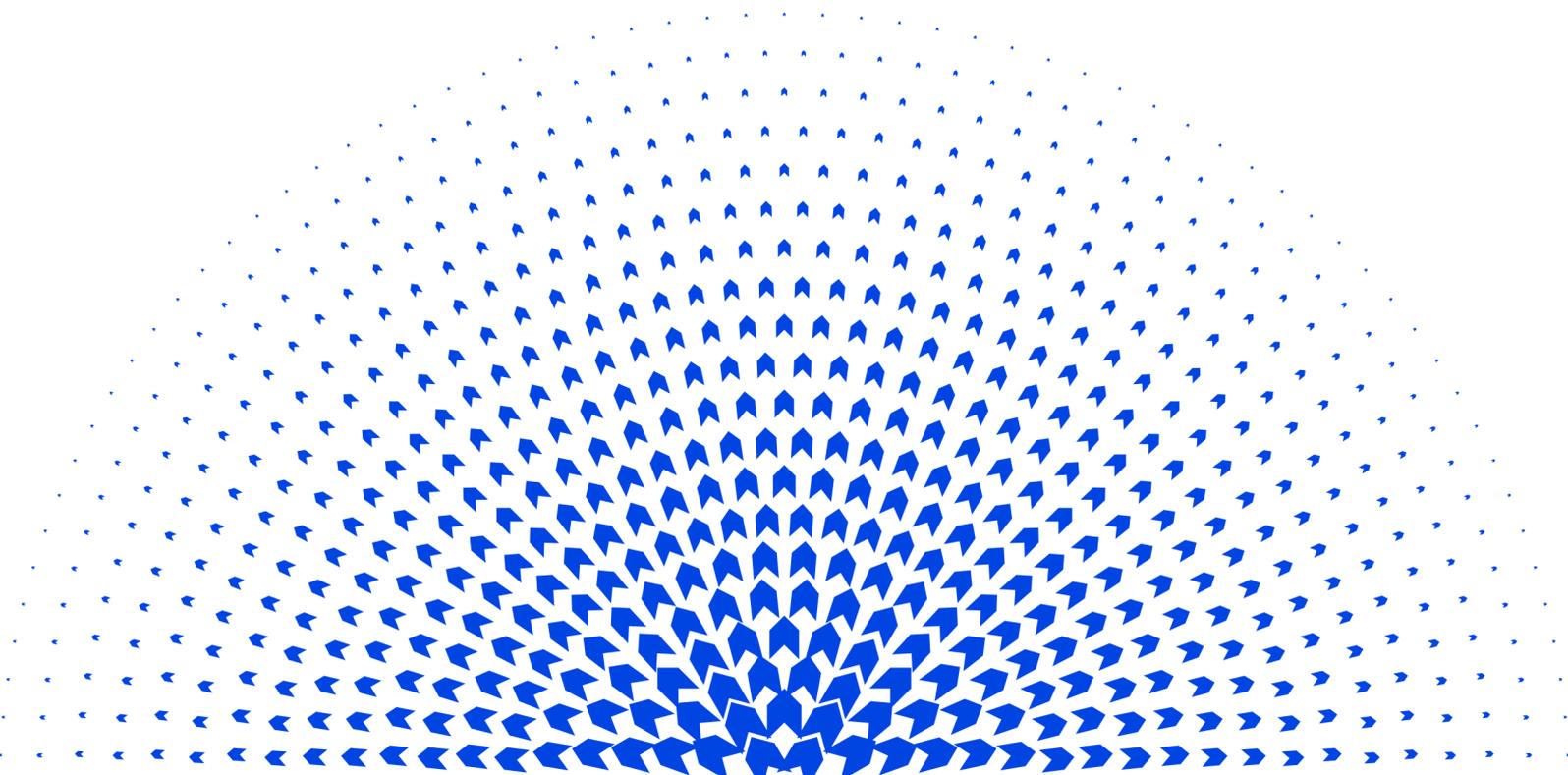
SAUDI TADAWUL GROUP HOLDING COMPANY

(A Saudi Joint Stock Company)

Condensed Consolidated Interim Financial Statements

For the three-month period ended 31 March 2024

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 – 36

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 (the "Company") and its subsidiaries (collectively referred to as the "Group") as at 31 March 2024, and the related condensed consolidated interim statements of profit or loss and other comprehensive income, changes in equity and cash flows for the three-month period then ended, and 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") as 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" as endorsed in the Kingdom of Saudi Arabia. A review of interim financial statement consists of making inquiries, primarily of 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 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 as endorsed in the Kingdom of Saudi Arabia.

for Ernst & Young Professional Services



Waleed G. Tawfiq
Certified Public Accountant
License No. 437

Riyadh: 25 Shawwal 1445H
(4 May 2024)

CONDENSED CONSOLIDATED INTERIM STATEMENT OF FINANCIAL POSITION

As at 31 March 2024

(Saudi Arabian Riyals)

	Notes	31 March 2024 (Unaudited)	31 December 2023 (Audited)
ASSETS			
Non-current assets			
Property and equipment		216,970,650	217,792,547
Intangible assets and goodwill	6	382,284,975	348,988,802
Investments in associates	7	378,005,076	383,539,746
Right-of-use assets	8	204,256,746	217,360,938
Investments	9	388,048,003	391,088,818
Total non-current assets		1,569,565,450	1,558,770,851
Current assets			
Investments	9	1,781,596,745	269,253,058
Accounts receivable	10	182,006,616	94,707,793
Advances, prepayments and other assets	11	138,153,775	136,641,059
Clearing participant financial assets	12	4,708,982,758	3,526,916,817
Cash and cash equivalents	13	947,802,469	2,050,614,074
Total current assets		7,758,542,363	6,078,132,801
Total assets		9,328,107,813	7,636,903,652
EQUITY AND LIABILITIES			
Equity			
Share capital	1	1,200,000,000	1,200,000,000
Other reserve	17	(164,932,178)	(161,328,401)
Retained earnings		2,291,761,982	2,090,363,953
Total equity		3,326,829,804	3,129,035,552
Non-current liabilities			
Lease liabilities	15	154,039,983	150,950,630
Employees' end-of-service benefits	16	97,853,747	98,708,089
Non-controlling interest put option	17	178,265,117	175,363,779
Long-term borrowings	18	786,407	1,145,301
Deferred revenue	22	11,036,302	12,397,613
Total non-current liabilities		441,981,556	438,565,412
Current liabilities			
Lease liabilities	15	51,049,874	51,306,125
Current portion of long-term borrowings	18	20,787,226	10,342,741
Clearing participant financial liabilities	19	4,690,129,601	3,508,060,041
Accounts payable	20	250,078,031	49,793,406
Balance due to Capital Market Authority (CMA)	21	36,868,214	55,137,969
Deferred revenue	22	169,350,273	30,378,316
Accrued expenses and other current liabilities	23	255,512,166	300,062,492
Zakat provision	24	85,521,068	64,221,598
Total current liabilities		5,559,296,453	4,069,302,688
Total liabilities		6,001,278,009	4,507,868,100
Total equity and liabilities		9,328,107,813	7,636,903,652

The accompanying notes from (1) through (41) 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 2024

(Saudi Arabian Riyals)

	Notes	For the three-month period ended 31 March	
		2024 (Unaudited)	2023 (Unaudited)
Operating revenue	25	387,625,745	224,292,793
Operating costs	26	(125,881,124)	(101,377,570)
Gross profit		261,744,621	122,915,223
General and administrative expenses	27	(69,871,967)	(56,499,284)
Reversal / (allowance) for expected credit losses	28	402,323	(2,103,468)
Operating profit		192,274,977	64,312,471
Investment income	29	34,180,075	32,515,058
Share of results of associates and reversal of impairment	7	(5,534,670)	11,588,220
Finance costs	30	(1,131,727)	(1,034,294)
Other income, net		189,735	1,626,313
Non-operating profit		27,703,413	44,695,297
Profit before zakat for the period		219,978,390	109,007,768
Zakat expense	24	(19,159,176)	(18,225,283)
Profit for the period		200,819,214	90,782,485
Profit for the period is attributable to:			
Ordinary shareholders of the parent company		201,521,652	90,782,485
Non-controlling interest		(702,438)	-
		200,819,214	90,782,485
Other comprehensive (loss) / income		(123,623)	-
Total comprehensive income for the period		200,695,591	90,782,485
Total comprehensive income for the period is attributable to:			
Ordinary shareholders of the parent company		201,398,029	90,782,485
Non-controlling interest		(702,438)	-
		200,695,591	90,782,485
Basic and diluted earnings per share attributable to ordinary shareholders of the parent company	31	1.68	0.76

The accompanying notes from (1) through (41) 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 2024

(Saudi Arabian Riyals)

Equity attributable to the ordinary shareholders of the parent company

	Share capital	Statutory reserve	Other reserve	Retained earnings	Sub-total	Non-controlling interest	Total equity
Balance as at 1 January 2024 (Audited)	1,200,000,000	-	(161,328,401)	2,090,363,953	3,129,035,552	-	3,129,035,552
Net profit for the period	-	-	-	201,521,652	201,521,652	(702,438)	200,819,214
Other comprehensive loss for the period	-	-	-	(123,623)	(123,623)	-	(123,623)
Non-controlling interest put option (Note 17)	-	-	(3,603,777)	-	(3,603,777)	702,438	(2,901,339)
Balance as at 31 March 2024 (Unaudited)	1,200,000,000	-	(164,932,178)	2,291,761,982	3,326,829,804	-	3,326,829,804
Balance as at 1 January 2023 (Audited)	1,200,000,000	360,000,000	-	1,619,689,827	3,179,689,827	-	3,179,689,827
Net profit and other comprehensive income for the period	-	-	-	90,782,485	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	-	3,270,472,312

The accompanying notes from (1) through (41) 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)

CONDENSED CONSOLIDATED INTERIM STATEMENT OF CASH FLOWS

For the three-month period ended 31 March 2024

(Saudi Arabian Riyals)

	Notes	For the three-month period ended 31 March	
		2024 (Unaudited)	2023 (Unaudited)
Cash flows from operating activities			
Profit before zakat for the period		219,978,390	109,007,768
Adjustments to reconcile profit before zakat for the period to net cash generated from operating activities:			
Depreciation and amortization	26,27	17,619,261	17,604,914
(Reversal) / allowance for expected credit losses	28	(402,323)	2,103,468
Provision for employees' end-of-service benefits	16	3,511,534	3,329,084
Realised gain on sale of investments, net	29	(198,396)	(497,599)
Unrealised gain on investments, net	29	(11,485,573)	(6,124,373)
Dividend income	29	(100,965)	(362,384)
Commission income	25,29	(43,941,196)	(38,572,386)
Share of results of associates and reversal of impairment	7	5,534,670	(11,588,220)
Finance costs		51,936	-
Changes in operating assets and liabilities:			
Accounts receivable		(86,897,080)	(39,318,777)
Advances prepayments and other assets		627,578	(12,361,647)
Accounts payable		200,284,625	79,493,269
Balance due to Capital Market Authority (CMA)		(18,269,755)	3,044,081
Deferred revenue		137,610,646	104,964,677
Accrued expenses and other current liabilities		(44,550,326)	(79,648,368)
Clearing participant financial assets		(1,182,065,941)	225,829,908
Clearing participant financial liabilities		1,182,069,560	(241,483,517)
Net cash generated from operations		379,376,645	115,419,898
Employees' end-of-service benefits paid	16	(4,489,499)	(329,410)
Commission income received from SAMA bills and deposits		21,546,055	13,041,684
Net cash flows from operating activities		396,433,201	128,132,172
Cash flows from investing activities			
Purchase of investments		(1,540,675,720)	(287,550,717)
Proceeds from disposal of investments		40,050,000	129,083,728
Commission income received on investment at amortised cost		7,150,774	2,957,437
Dividend income received		66,967	65,038
Commission received on time deposits		18,285,762	23,857,145
Purchase of intangible assets and property and equipment		(34,145,158)	(11,963,332)
Net cash flows used in investing activities		(1,509,267,375)	(143,550,701)
Cash flows from financing activities			
Finance cost paid on lease liabilities	15	(12,829)	-
Principal repayment of lease liabilities	15	(50,193)	(48,866,327)
Repayment of borrowings		(2,414,409)	-
Proceeds from borrowings		12,500,000	-
Net cash flows used in financing activities		10,022,569	(48,866,327)
Net decrease in cash and cash equivalents		(1,102,811,605)	(64,284,856)
Cash and cash equivalents at beginning of the period		2,050,614,074	2,118,826,096
Cash and cash equivalents at end of the period	13	947,802,469	2,054,541,240
Non-cash transactions:			
Additions of right-of-use assets and lease liabilities		-	207,897,014
Remeasurement of employees' end-of-service benefits		123,623	-
Depreciation of right of use assets capitalized		10,722,352	2,956,061
Finance cost on lease liabilities capitalized		2,883,295	755,556

The accompanying notes from (1) through (41) 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 2024

(Saudi Arabian Riyals)

1. GENERAL

Saudi Tadawul Group Holding Company (formerly "Saudi Stock Exchange Company") (the "Company", "Parent") 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).

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"). 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 2023: 60%) of the share capital. As at 31 March 2024, the authorized, issued and fully paid-up share capital of the Company is SAR 1,200 million (31 December 2023: SAR 1,200 million) divided into 120 million shares (31 December 2023: 120 million shares) of SAR 10 each.

The Company's main activities 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.

On 7 May 2023, 51% shareholding in Direct Financial Network Company (DFN) was acquired by the Group through one of its subsidiary (Wamid) refer note 1.1, 39 for details.

The Group has established a new wholly owned subsidiary (a Limited Liability Company) called "Tadawul Investment Holding Company" ("TIH") with authorised share capital of SAR 35 million registered in the Kingdom of Saudi Arabia under Commercial Registration number 1010980736 dated 25/7/1445 H (corresponding to 6 February 2024). This company's objective is to fully hold investment in another subsidiaries (refer Note 37.1) which will be used as investment vehicle to own Group's upcoming planned investments in associates and joint ventures. This subsidiary has not yet started its investing activities.

The Group's main activities through dedicated subsidiaries and associates (given in note 1.1 and 1.2) 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, develop financial technology and engage in any related other activity to achieve the objectives as defined in the Capital Market Law.

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

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 2024

(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	Effective ownership		Paid up share capital
				March 2024	December 2023	
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
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
Tadawul Advance Solution Company ("Wamid")	Kingdom of Saudi Arabia, Closed Saudi Joint Stock Company	11/02/1442 H (corresponding to 28 September 2020 G)	Financial technology solutions, innovative capital market solutions for stakeholders	100%	100%	75,000,000
Tadawul Investment Holding Company ("TIH")	Kingdom of Saudi Arabia, Limited Liability Company	25/07/1445 H (corresponding to 6 February 2024 G)	Holding company for other subsidiaries to be used for planned investments in associates and joint ventures	100%	-	35,000,000
Direct Financial Network Company (DFN) (Refer Note 39)	Kingdom of Saudi Arabia, Saudi Limited Liability Company	16/09/1426 H (corresponding to 19 October 2005)	Develops financial technology and financial content for stakeholders	51%	-	500,000

DFN has following subsidiaries that are involved in developing financial technology and financial content for stakeholders:

Name of subsidiaries	Country of incorporation	DFN's effective ownership
Direct Financial Network ME Dubai Multi Commodities Center	United Arab Emirates	100%
Direct Financial Network – Sri Lanka	Sri Lanka	99%
Direct Financial Network – Pakistan	Pakistan	99%

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 2024	December 2023	
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 ("RVCMC")	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 2024

(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 2024 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 2023 except adoption of new standards and amendments to standards effective 1 January 2024 listed in Note 5.

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 2023. In addition, results for the three-month periods ended 31 March 2024 are not necessarily indicative of the results that may be expected for the financial year ending 31 December 2024.

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 put option liability which is 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 Group's last annual consolidated financial statements for the year ended 31 December 2023.

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 when 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 2024

*(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. BUSINESS COMBINATION AND GOODWILL

Business combinations are accounted for applying the acquisition method. The cost of an acquisition is measured as the aggregate of the consideration transferred which is measured at fair value on the acquisition date and the amount of any non-controlling interests in the acquiree. For each business combination, the Group elects whether to measure the non-controlling interests in the acquiree at fair value or at proportionate share of the acquiree's identifiable net assets. Acquisition-related costs are expensed in the condensed consolidated interim statement of profit or loss and other comprehensive income when incurred.

When the Group acquires a business, it assesses the financial assets acquired and financial liabilities assumed for appropriate classification and designation in accordance with the contractual terms, economic circumstances and pertinent conditions as at the acquisition date.

Goodwill is initially measured at cost, being the excess of the aggregate of the consideration transferred and the amount recognised for non-controlling interests over the net identifiable assets acquired and liabilities assumed.

If the fair value of the net assets acquired is in excess of the aggregate consideration transferred, the Group re-assesses whether it has correctly identified all of the assets acquired and all of the liabilities assumed. If the reassessment still results in excess, the gain is recognised in the condensed consolidated interim statement of profit or loss and other comprehensive income.

After initial recognition, goodwill is measured at cost less any accumulated impairment losses, if applicable. For the purpose of impairment testing, goodwill acquired in a business combination is, from acquisition date, allocated to each of the Group's cash generating units ("CGU") that are expected to have benefit from the combination, irrespective of whether other assets or liabilities of the acquiree are assigned to those units. Where goodwill has been allocated to a CGU and part of the operation within that unit is disposed off, the goodwill associated with the disposed operation is included in the carrying amount of the operation when determining the gain or loss on disposal. Goodwill disposed in these circumstances is measured based on the relative values of the disposed operation and portion of CGU retained.

Written put options on non-controlling interest where the Group does not have an unconditional right to avoid the delivery of cash, are recognised as financial liabilities at the present value of the exercise price. Under this method, based on the terms of the agreement and Group's assessment on case to case basis, non-controlling interest is recognised however while the put option remains unexercised, at the end of each reporting period, the Group:

- determines the amount that would have been recognised for the non-controlling interest, including an update to reflect allocations of profit or loss
- de-recognises the non-controlling interest as if it was acquired at that date
- the difference between the fair value of the non-current liability resulting from the put option and the non-controlling interests is recognized in equity

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

For the three-month period ended 31 March 2024

(Saudi Arabian Riyals)

5. NEW STANDARDS AND AMENDMENTS ISSUED

Standards and amendments adopted as of 1 January 2024

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 2023, and the adoption of new standards effective as of 1 January 2024. 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, 2024. The management has assessed that the amendments have no significant impact on the Group's interim condensed financial statements.

- Amendments to IAS 1: Classification of Liabilities as Current or Non-current and Non-current Liabilities with Covenants- Clarify that liabilities are classified as either current or non-current, depending on the rights that exist at the end of the reporting period and non-current liabilities with covenants.
- Amendments to IAS 7 and IFRS 7: Supplier Finance Arrangements - Disclosures to clarify the characteristics of supplier finance arrangements and require additional disclosure of such arrangements.
- Amendments to IFRS 16: Lease Liability in a Sale and Leaseback - 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.

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 2025	Amendments to IAS 21 – Lack of exchangeability	Sale or contribution of Assets between an Investor and its Associate or Joint Ventures
Effective date deferred indefinitely	Amendments to IFRS 10 and IAS 28 - Sale or Contribution of Assets between an Investor and its Associate or Joint Venture	Sale or contribution of Assets between an Investor and its Associate or Joint Ventures
1 January 2027	IFRS 18 Presentation and Disclosure in Financial Statements	New requirements on presentation within the statement of profit or loss, including specified totals and subtotals. It also requires disclosure of management-defined performance measures and includes new requirements for aggregation and disaggregation of financial information based on the identified 'roles' of the primary financial statements (PFS) and the notes.

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

For the three-month period ended 31 March 2024
(Saudi Arabian Riyals)

6. INTANGIBLE ASSETS

Intangible assets, net, comprise of the following components as of period / year end :

		31 March 2024 (Unaudited)	31 December 2023 (Audited)
	<i>Note</i>		
Software		273,541,430	203,468,145
Capital work-in-progress (CWIP) - Software		13,608,960	50,386,072
Goodwill	39	95,134,585	95,134,585
Total		382,284,975	348,988,802

7. INVESTMENTS IN ASSOCIATES

		31 March 2024 (Unaudited)	31 December 2023 (Audited)
	<i>Notes</i>		
Investment in Tadawul Real Estate Company ("TREC ")	7.1	356,811,574	359,701,941
Investment in Regional Voluntary Carbon Company ("RVCMC")	7.2	21,193,502	23,837,805
Total		378,005,076	383,539,746

7.1 Investment in TREC

This represents the Group's share of investment in TREC, a company incorporated in the Kingdom of Saudi Arabia. As at 31 March 2024, the Group owns 33.12% (31 December 2023: 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 will be headquartered.

During the year ended 31 December 2023, the Group assessed whether there was any indication that an impairment loss recognised in prior years may no longer exist or may have decreased. Considering the completion of TREC's 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 .

The Group has recognized its share of loss for the three-month period ended 31 March 2024, based on available draft of TREC financial statements at the time of issuance of the Group consolidated interim financial statement.

The movement in carrying value of investment is as follows:

		For the three-month period ended 31 March 2024 (Unaudited)	For the year ended 31 December 2023 (Audited)
	<i>Note</i>		
Balance as at 1 January		359,701,941	365,697,523
Share of results of associates and reversal of impairment			
- Reversal of impairment		-	20,889,120
- Share of results, adjusted (equity accounting elimination)	33.1	(2,890,367)	(26,884,702)
		(2,890,367)	(5,995,582)
Balance at end of the period / year		356,811,574	359,701,941

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

For the three-month period ended 31 March 2024

(Saudi Arabian Riyals)

7. INVESTMENT IN ASSOCIATES (CONTINUED)
7.1 Investment in TREC (continued)

The following table summarizes the financial information of the associate as included in the management accounts:

	31 March 2024 (Unaudited)	31 December 2023 (Audited)
Summarized statement of financial position		
Total current assets	173,647,294	156,604,707
Total non-current assets	2,312,946,369	2,323,513,241
Total current liabilities	1,369,156,561	1,362,830,420
Total non-current liabilities	3,507,739	3,725,343
Net assets (100%)	1,113,929,363	1,113,562,185
	For the three-month period ended 31 March 2024 (Unaudited)	For the year ended 31 December 2023 (Audited)
Summarized statement of profit or loss and other comprehensive income		
Total revenue	50,876,428	121,861,195
Net profit / (loss) and total comprehensive loss for the period / year	2,008,359	(58,266,984)

7.2 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 of SAR 175 million), where PIF holds 80% stake and the Company holds 20% stake. RVCMC is headquartered in Riyadh, Kingdom of Saudi Arabia.

The Group has recognized its share of loss for the three-month period ended 31 March 2024, based on available draft of RVCMC financial statements at the time of issuance of the Group consolidated interim financial statement.

The movement in carrying value of investment is as follows:

	For the three-month period ended 31 March 2024 (Unaudited)	For the year ended 31 December 2023 (Audited)
Balance as at 1 January	23,837,805	35,000,000
Share of results	(2,644,303)	(11,162,195)
Balance at end of the period / year	21,193,502	23,837,805

The following table summarizes the financial information of the associate as included in the management accounts:

	31 March 2024 (Unaudited)	31 December 2023 (Audited)
Summarized statement of financial position		
Total assets (current)	140,271,113	144,279,727
Total liabilities (current)	40,106,033	25,853,074
Net assets (100%)	100,165,080	118,426,653

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

For the three-month period ended 31 March 2024
(Saudi Arabian Riyals)

7. INVESTMENT IN ASSOCIATES (CONTINUED)

	For the three-month period ended 31 March 2024 (Unaudited)	For the year ended 31 December 2023 (Audited)
Summarized statement of profit or loss and other comprehensive income		
Total revenue	-	52,931,798
Net loss and total comprehensive loss for the period / year	(13,221,516)	(55,810,977)

8. RIGHT-OF-USE ASSETS

	<i>Notes</i>	31 March 2024 (Unaudited)	31 December 2023 (Audited)
Balance as at 1 January		217,360,938	5,310,445
Acquisition of a subsidiary	39	-	1,198,121
Additions		-	260,457,743
Depreciation charge for the period / year	8.1	(13,104,192)	(49,605,371)
Balance at the end of period / year		204,256,746	217,360,938

8.1 Depreciation expense is allocated as follows:

	<i>Notes</i>	For the three- month period ended 31 March 2024 (Unaudited)	For the year ended 31 December 2023 (Audited)
Operating costs		1,664,299	5,587,724
General and administrative expenses		717,541	8,175,183
Cost directly attributable to capital work-in-progress under property and equipment	8.2,33.1	10,722,352	35,842,464
Total		13,104,192	49,605,371

8.2 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 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 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.

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

For the three-month period ended 31 March 2024

(Saudi Arabian Riyals)

9. INVESTMENTS

Investment securities portfolios are summarized as follows:

		31 March 2024 (Unaudited)	31 December 2023 (Audited)
Non-current			
Investments at amortized cost	9.1	388,048,003	391,088,818
		388,048,003	391,088,818
Current			
Investments at FVTPL	9.2	1,781,596,745	269,253,058
		1,781,596,745	269,253,058

9.1 Investments at amortized cost:

This represents investment in Sukuks issued by counterparties in the Kingdom of Saudi Arabia having sound credit ratings. The Sukuks carry an average commission rate of 5% per annum as of 31 March 2024 (2023: 5.21%).

The details of these investments are as follow:

	31 March 2024 (Unaudited)	31 December 2023 (Audited)
Bank Albilad (Credit rating A3)	55,922,341	55,946,231
Saudi Government Sukuk (2022-03-15 - Credit rating A1)	61,412,942	61,985,793
Saudi Government Sukuk (2020-02-15 - Credit rating A1)	54,010,720	54,472,428
Saudi Government Sukuk (2018-07-07 - Credit rating A1)	216,703,072	218,686,018
Impairment loss on investments at amortized cost (Note 9.1.1)	(1,072)	(1,652)
Total	388,048,003	391,088,818

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

	31 March 2024 (Unaudited)	31 December 2023 (Audited)
Balance as at 1 January	1,652	206
(Reversal) / charge for the period / year (Note 28)	(580)	1,446
Balance at the end of the period / year	1,072	1,652

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

31 March 2024

Description	Maturity date	Face value	Classification
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	68,400,000	Non-current asset
Saudi Government SAR Sukuk (2020-02-15)	24 February 2035	61,561,000	Non-current asset
Saudi Government SAR Sukuk (2018-07-07)	25 July 2025	219,110,000	Non-current asset

31 December 2023

Description	Maturity date	Face value	Classification
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	68,400,000	Non-current asset
Saudi Government SAR Sukuk (2020-02-15)	24 February 2035	61,561,000	Non-current asset
Saudi Government SAR Sukuk (2018-07-07)	25 July 2025	219,110,000	Non-current asset

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

For the three-month period ended 31 March 2024
(Saudi Arabian Riyals)

9. INVESTMENTS (CONTINUED)

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

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

	31 March 2024 (Unaudited)		31 December 2023 (Audited)	
	Cost	Fair value	Cost	Fair value
Money market funds	1,751,464,741	1,781,596,745	250,223,976	269,253,058
Real estate funds	15,000,000	-	15,000,000	-
Total	1,766,464,741	1,781,596,745	265,223,976	269,253,058

10. ACCOUNTS RECEIVABLE

		31 March 2024 (Unaudited)	31 December 2023 (Audited)
Trade receivables			
- Related parties	33.2	34,331,441	21,227,004
- Others		189,639,795	115,847,152
Less: allowance for expected credit losses	10.1	(41,964,620)	(42,366,363)
Total		182,006,616	94,707,793

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

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

		31 March 2024 (Unaudited)	31 December 2023 (Audited)
Balance as at 1 January		42,366,363	26,110,800
Acquisition of a subsidiary		-	16,647,314
Reversal for the period / year	28	(401,743)	(391,751)
Balance at end of the period / year	35.3	41,964,620	42,366,363

11. ADVANCES, PREPAYMENTS AND OTHER ASSETS

		31 March 2024 (Unaudited)	31 December 2023 (Audited)
Advance against purchase of property	11.1	77,500,000	77,500,000
Prepaid insurance expenses		8,158,768	12,892,297
Advances to vendor		10,222,443	10,995,199
Receivable from ZATCA	24	10,779,251	8,638,957
Accrued operational revenue		7,763,487	7,395,257
Advance to employees		6,118,678	7,011,127
Security deposit		4,493,760	4,493,760
Other receivables	11.2,33	13,117,388	7,714,462
Total		138,153,775	136,641,059

11.1 This represents an advance paid to Saudi Central Bank (SAMA) as partial payment for purchasing part of a property in King Abdullah Financial District, Riyadh, kingdom of Saudi Arabia.

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

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

For the three-month period ended 31 March 2024
(Saudi Arabian Riyals)

12. CLEARING PARTICIPANT FINANCIAL ASSETS

		31 March 2024 (Unaudited)	31 December 2023 (Audited)
<i>Financial assets at amortised cost:</i>	<i>Notes</i>		
Deposits with SAMA	12.1	1,510,450,457	1,029,134,232
Investment in SAMA Bills	12.2	3,198,532,301	2,497,782,585
		4,708,982,758	3,526,916,817

12.1 Deposits with 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 and 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 2024 (Unaudited)	31 December 2023 (Audited)
Deposits with SAMA - relating to Equities markets		1,443,240,525	962,334,250
Deposits with SAMA - relating to Derivatives markets		67,209,932	66,799,982
		1,510,450,457	1,029,134,232

12.2 Investment in SAMA Bills:

		31 March 2024 (Unaudited)	31 December 2023 (Audited)
Investment in SAMA Bills	<i>Note</i>	3,198,532,301	2,497,782,585

- 12.2.1 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 and 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.

13. CASH AND CASH EQUIVALENTS

		31 March 2024 (Unaudited)	31 December 2023 (Audited)
Cash at banks		284,880,907	71,489,884
Deposit with SAMA	13.1	16,500,000	16,500,000
Time deposits with original maturities equal to or less than three months from the date of acquisition	13.2	646,421,562	1,962,624,190
		947,802,469	2,050,614,074

- 13.1 Commission is earned on deposit with SAMA at the prevailing market rates offered by SAMA with original maturity of less than three months. These funds are restricted and are not available for general operational use of the Group.

- 13.2 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. These time deposits are sharia compliant.

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

For the three-month period ended 31 March 2024
(Saudi Arabian Riyals)

14. STATUTORY RESERVE

During the year ended 2023, the General Assembly in its extra ordinary meeting (EGM) on 29 Jumada al-Awwal 1445H (corresponding to 13 December 2023) approved the amendment of the Company's By-Laws to transfer the statutory reserve of SAR 360 million to retained earnings and legal formalities for updating By-Laws are completed and the amount has been transferred.

15. LEASE LIABILITIES

This represents amount of lease liabilities for the rented offices of the Group. Set out below are carrying amount of lease liabilities and the movements during the period / year:

	<i>Notes</i>	31 March 2024 (Unaudited)	31 December 2023 (Audited)
Balance as at 1 January		202,256,755	-
Acquisition of a subsidiary	39	-	1,279,618
Additions		-	260,457,743
Finance cost	15.1	2,896,124	9,354,023
Payment		(63,022)	(68,834,629)
Balance at the end of period / year		205,089,857	202,256,755
Non-current		154,039,983	150,950,630
Current		51,049,874	51,306,125
Total		205,089,857	202,256,755

15.1 Finance cost is allocated as follows:

	<i>Notes</i>	For the three-month period ended 31 March 2024 (Unaudited)	For the year ended 31 December 2023 (Audited)
Finance cost directly capitalized in capital work-in-progress under property and equipment	8.2,33.1	2,883,295	9,320,191
Finance cost expense	30	12,829	33,832
Total		2,896,124	9,354,023

16. EMPLOYEES' END-OF-SERVICE BENEFITS

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

	<i>Notes</i>	31 March 2024 (Unaudited)	31 December 2023 (Audited)
Balance as at 1 January		98,708,089	79,561,092
Current service cost		2,431,743	10,089,828
Finance cost	30	1,079,791	4,075,104
Amount recognised in profit or loss		3,511,534	14,164,932
Acquisition of a subsidiary	39	-	8,045,493
Re-measurement loss recognized in other comprehensive income		123,623	1,803,861
Benefits paid during the period / year		(4,489,499)	(4,867,289)
Balance at end of the period / year		97,853,747	98,708,089

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

For the three-month period ended 31 March 2024
 (Saudi Arabian Riyals)

17. NON-CONTROLLING INTEREST PUT OPTION

The Group, through its subsidiary Wamid, acquired 51% of issued share capital of the DFN carrying full voting rights on 7 May 2023 (refer Note 39 for further details). The shareholders' agreement and put option agreement grants non-controlling interest equity holders in DFN an irrevocable and unconditional right to exercise their put options in respect of the non-controlling interest held in DFN (49% of issued share capital) for cash consideration of SAR 220.5 million by issuing a put notice within 60 days from the put option exercise period. Put option exercise period is earlier of:

- the issuance of the audited financial statements of DFN for the year ending 31 December 2026; or
- 30 June 2027

The Group recognized put option over non-controlling interests and recorded non-current put option financial liability discounted at present value against non-controlling interest and other reserve. At each reporting date, the difference between the fair value of the non-current liability resulting from the put option and the transfer of non-controlling interests is recognized in other reserve.

The movement in the financial liability during the period / year is as follows:

	31 March 2024 (Unaudited)	31 December 2023 (Audited)
Balance as at 1 January	175,363,779	-
Put option issued on 7 May 2023	-	167,805,446
Change in non-controlling interest put option liability	2,901,338	7,558,333
Balance at the end of the period / year	178,265,117	175,363,779

18. BORROWINGS

The Group through its subsidiary (DFN) has loan facilities ranging from 1–10 years of SAR 36,431,991 (2023: 36,431,991). These facilities are secured against a mix of promissory notes, corporate guarantees from the related parties and related parties' real estate properties. The balances, commission rate and repayment terms are as follows:

	Maturity	31 March 2024 (Unaudited)	31 December 2023 (Audited)
NON – CURRENT			
Islamic financing	2025	786,407	1,145,301
CURRENT PORTION			
Overdraft facility	On demand	998,189	959,339
Islamic financing	Current portion	19,789,037	9,383,402
		20,787,226	10,342,741

Long-term financing carries commission rates ranges from 6.59% to 9.35% per annum and overdraft carries commission rate of SIBOR +5.5% (2023: Nil). During the period ended 31 March 2024, DFN secured an Al-Tawarroq facility currently SAR 12.5million (facility limit SAR 20 million at commission rate of SIBOR +2%) which is included in current portion of Islamic financing.

On 20 Rajab1445H corresponding to 1 February 2024, Group has also obtained Islamic Sharia-compliant banking facilities from Al Rajhi Bank amounting to SAR 500 million with the purpose of financing the Group's mergers and acquisitions. This agreement is aligned with the Group's strategy, objectives, and ambitious aim of revenue growth and diversification. There has been no drawdown from this facility during the period ended 31 March 2024.

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

For the three-month period ended 31 March 2024
(Saudi Arabian Riyals)

19. CLEARING PARTICIPANT FINANCIAL LIABILITIES

		31 March 2024 (Unaudited)	31 December 2023 (Audited)
<i>Financial liabilities at amortised cost:</i>	<i>Notes</i>		
Collateral from clearing members	19.1	4,683,158,145	3,501,398,133
Members' contribution to clearing house funds	19.2	6,971,456	6,661,908
		4,690,129,601	3,508,060,041

19.1 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.

19.2 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.

20. ACCOUNTS PAYABLE

		31 March 2024 (Unaudited)	31 December 2023 (Audited)
	<i>Note</i>		
Trade payables:			
Others		224,795,922	24,612,326
Related parties	33.2	25,282,109	25,181,080
Total		250,078,031	49,793,406

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

21. 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. Also includes unpaid CMA fees balance.

22. DEFERRED REVENUE

		31 March 2024 (Unaudited)	31 December 2023 (Audited)
	<i>Note</i>		
Balance as at 1 January		42,775,929	16,722,361
Acquisition of a subsidiary	39	-	26,943,959
Invoiced during the period / year		234,519,315	261,409,593
Recognised as revenue during the period / year		(96,908,669)	(262,299,984)
Balance at end of the period / year		180,386,575	42,775,929
Non-current		11,036,302	12,397,613
Current		169,350,273	30,378,316
Total		180,386,575	42,775,929

Deferred revenue includes balances pertaining to related parties amounting to SAR 22,450,692 (2023: SAR 4,641,968) (Note 33.2).

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

For the three-month period ended 31 March 2024
(Saudi Arabian Riyals)

23. ACCRUED EXPENSES AND OTHER CURRENT LIABILITIES

		31 March 2024 (Unaudited)	31 December 2023 (Audited)
	<i>Notes</i>		
Accrued employee expenses		74,568,526	105,023,642
Payable for General Organization for Social Insurance		2,281,899	2,249,012
Value added tax (VAT), net		13,359,444	5,827,225
Board of Directors remuneration payable	33.2	8,536,456	12,435,456
Accrued supplier expenses:			
- Related party	33.2	9,588,127	9,734,539
- Others		147,177,714	164,792,618
Total		255,512,166	300,062,492

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

24. 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, adjusted net income and liabilities reduced by non-current assets as adjusted for zakat purpose.

The movements in zakat provision are as follows:

	31 March 2024 (Unaudited)	31 December 2023 (Audited)
Balance as at 1 January	64,221,598	67,221,868
Provision for Zakat for the period / year		
- Current period	19,159,176	55,582,640
- Prior year over provision	-	(82,829)
Zakat expense for the period / year	19,159,176	55,499,811
- Recoverable from ZATCA (Note 11)	2,140,294	8,638,957
	21,299,470	64,138,768
Zakat paid during the period / year	-	(67,139,038)
Balance at end of the period / year	85,521,068	64,221,598

The Group has already filed and paid its consolidated Zakat return for the Company and its wholly-owned subsidiaries with ZATCA for years 2020 till 2023. The Group is subject to Zakat in accordance with the Zakat regulations issued by ZATCA based on Royal Decree 35657 issued on 29/6/1442 effective from 1 January 2020. The Company has not received any assessments till date.

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

For the three-month period ended 31 March 2024
(Saudi Arabian Riyals)

25. OPERATING REVENUE

	For the three-month period ended 31 March	
	2024 (Unaudited)	2023 (Unaudited)
Revenue recognized over-time		
Post trade services	46,285,783	37,997,205
Data and technology services	47,016,346	31,461,654
Listing services	23,129,510	21,521,128
Membership fees	1,330,575	869,562
Derivatives services	473,029	451,578
Commission income on SAMA Bills, net	19,527,228	10,472,130
Commission income on SAMA deposits, net	2,018,827	2,569,554
	139,781,298	105,342,811
Revenue recognized at point-in-time		
Post trade services	138,665,643	69,017,981
Trading services	105,056,710	49,735,345
Data and technology services	20,251	-
Listing services	4,099,000	190,000
Derivatives services	2,843	6,656
	247,844,447	118,949,982
Revenue from contracts with customers	387,625,745	224,292,793

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.

26. OPERATING COSTS

	<i>Notes</i>	For the three-month period ended 31 March	
		2024 (Unaudited)	2023 (Unaudited)
Salaries and related benefits		56,619,742	39,777,091
CMA fees	26.1	32,500,000	32,500,000
Technology and network		20,147,116	13,051,664
Depreciation and amortization		14,225,581	13,785,731
Consultancy		60,446	307,423
Accommodation and utilities		1,325,082	1,037,670
Others		1,003,157	917,991
Total		125,881,124	101,377,570

26.1 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 2024
(Saudi Arabian Riyals)

27. GENERAL AND ADMINISTRATIVE EXPENSES

	For the three-month period ended 31 March	
	2024 (Unaudited)	2023 (Unaudited)
Salaries and related benefits	50,063,814	36,920,474
Marketing and public relations	5,059,409	3,644,417
Technology and network	4,839,732	4,888,962
Consultancy	821,075	2,096,208
Depreciation and amortization	3,393,680	3,819,183
Board of Directors' remuneration	2,505,000	2,585,275
Accommodation and utilities	1,934,603	1,666,301
Others	1,254,654	878,464
Total	69,871,967	56,499,284

28. REVERSAL / (ALLOWANCE) FOR EXPECTED CREDIT LOSSES

	Notes	For the three-month period ended 31 March	
		2024 (Unaudited)	2023 (Unaudited)
Reversal / (allowance) on investments at amortised cost	9	580	(60)
Reversal / (allowance) on accounts receivable	10.1	401,743	(2,103,408)
Total		402,323	(2,103,468)

29. INVESTMENT INCOME

	For the three-month period ended 31 March	
	2024 (Unaudited)	2023 (Unaudited)
Commission income on time deposits	18,285,762	23,857,145
Commission income on investments at amortised cost	4,109,379	1,673,557
Realised gain on sale investments, net	198,396	497,599
Unrealised gain on investments, net	11,485,573	6,124,373
Dividend income	100,965	362,384
Total	34,180,075	32,515,058

30. FINANCE COSTS

	Notes	For the three-month period ended 31 March	
		2024 (Unaudited)	2023 (Unaudited)
Finance cost on employees' end-of-service benefits liabilities	16	1,079,791	1,034,294
Finance cost on lease liabilities	15	12,829	-
Finance cost on borrowings		39,107	-
Total		1,131,727	1,034,294

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

For the three-month period ended 31 March 2024

(Saudi Arabian Riyals)

31. BASIC AND DILUTED EARNINGS PER SHARE

Basic and diluted earnings per share is computed by dividing profit attributable to the ordinary shareholders of the parent company by the weighted average outstanding number of shares for the period ended 31 March 2024, totaling 120 million shares (31 March 2023: 120 million shares).

	For the three-month period ended 31 March	
	2024 (Unaudited)	2023 (Unaudited)
Profit for the period	201,521,652	90,782,485
Weighted average outstanding number of shares	120,000,000	120,000,000
Earnings per share	1.68	0.76

32. CONTINGENCIES AND COMMITMENTS
Commitments

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

	31 March 2024 (Unaudited)	31 December 2023 (Audited)
Capital expenditure commitments	154,763,976	154,745,819
Operating expenditure commitments	90,283,324	58,460,211
	245,047,300	213,206,030

32.2 On 6 Rajab 1445H (corresponding to 18 January 2024), the Group has entered into a binding sale and purchase agreement with DME Holdings Limited and its existing shareholders (including Eagle Commodities Limited, New York Mercantile Exchange, Inc and Tatweer Dubai LLC.) to acquire a 32.6% shareholding in DME Holdings Limited. The Group will invest SAR 107 million (\$28.5 million) by acquiring 32.6% stake in DME Holding Limited representing a combination of new and existing shares. The agreement is subject to a number of pre-closing terms and conditions, including but not limited to obtaining the relevant regulatory approvals outside the Kingdom of Saudi Arabia as well as other conditions of regulatory and commercial nature.

Contingencies

	31 March 2024 (Unaudited)	31 December 2023 (Audited)
32.3 Letters of guarantee	1,147,940	1,270,710

32.4 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 2024

(Saudi Arabian Riyals)

33. TRANSACTIONS WITH RELATED PARTIES

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

- A) Ultimate controlling party – PIF as explained in Note 1;
- B) Other related parties that include entities which have either common directors with the Company's Board of Directors (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 BOD and key executives

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

	<i>Notes</i>	For the three-month period ended 31 March	
		2024 (Unaudited)	2023 (Unaudited)
PIF			
Operating revenue from services rendered		1,380,000	1,267,500
Other related parties			
Operating revenue from services rendered		112,237,108	58,755,941
Commission income		3,584,110	8,944,135
Purchase of services (internet , utilities and others)		2,299,246	2,626,415
Disposals of investments at FVTPL		-	(11,720,883)
Associates			
TREC – Share of results	7.1	(2,890,367)	(8,991,848)
Depreciation on right-of-use assets	8.1	10,722,352	2,956,061
Lease payment	15	-	(44,937,600)
Finance cost on lease liabilities	15	2,883,295	755,556
RVCMC – Share of results	7.2	(2,644,303)	(309,052)
Key management personnel compensation			
Salaries and other short-term benefits		7,763,473	6,316,755
Post-employment benefits		463,338	386,351
Board of Directors' remuneration		2,505,000	2,585,275

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

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

	<i>Notes</i>	31 March	31 December
		2024 (Unaudited)	2023 (Audited)
PIF			
Accounts receivable	10	520,579	6,420,079
Deferred revenue	22	2,760,000	4,140,000
Other related parties			
Investments held at FVTPL	9.2	808,829,926	-
Accounts receivables	10	33,398,716	14,412,523
Less: ECL allowance	10.1	(1,440,409)	(1,185,540)
Accounts receivable, net		31,958,307	13,226,983
Other receivables	11	3,229,597	5,440,626
Accounts payable, deferred revenue and accrued expenses	20,22,23	54,560,928	39,557,587
Cash and cash equivalents	13	38,390,341	430,468,282
Clearing participant financial liabilities	19	216,988,652	352,400,544
Associates			
Accounts receivable - Tadawul Real Estate Company	10	412,146	394,402
Key management personnel			
Board of Directors remuneration payable	23	8,536,456	12,435,456

Outstanding balances at period / year end arise 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 2024

(Saudi Arabian Riyals)

34. 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. In addition, this segment also develops financial technology and financial content for stakeholders to utilize as data and technology services.

Corporate

Corporate manages future corporate development and controls all treasury related functions. This also includes managing strategy for business development including mergers and acquisitions, legal, finance, zakat and taxation, operations, information technology, human resources and customer relations management.

34.1 Financial information relating to operating segments:

31 March 2024 (Unaudited)	Capital markets	Data and technology services	Post- trade	Corporate	Total
Segment revenue	133,544,067	47,036,597	207,045,081	-	387,625,745
Segment costs excluding depreciation and amortization	(42,114,765)	(31,960,546)	(84,204,307)	(19,451,889)	(177,731,507)
Depreciation and amortization	(3,227,095)	(1,947,523)	(5,527,760)	(6,916,883)	(17,619,261)
Investment income	-	-	-	34,180,075	34,180,075
Share of results of associates and reversal of impairment	-	-	-	(5,534,670)	(5,534,670)
Finance costs	-	-	-	(1,131,727)	(1,131,727)
Other income, net	-	-	-	189,735	189,735
Profit before Zakat	88,202,207	13,128,528	117,313,014	1,334,641	219,978,390
Zakat expense	-	-	-	(19,159,176)	(19,159,176)
Profit after Zakat	88,202,207	13,128,528	117,313,014	(17,824,535)	200,819,214
Net profit for the period is attributable to:					
Ordinary shareholders of the parent company	88,202,207	13,830,966	117,313,014	(17,824,535)	201,521,652
Non-controlling interest	-	(702,438)	-	-	(702,438)
	88,202,207	13,128,528	117,313,014	(17,824,535)	200,819,214

(A Saudi Joint Stock Company)

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

For the three-month period ended 31 March 2024

(Saudi Arabian Riyals)

34. SEGMENT INFORMATION (CONTINUED)*34.1 Financial information relating to operating segments (continued):*

31 March 2023 (Unaudited)	Data and technology				Total
	Capital markets	services	Post- trade	Corporate	
Segment revenue	72,266,742	31,461,654	120,564,397	-	224,292,793
Segment cost excluding depreciation and amortization	(42,097,436)	(15,375,892)	(80,012,111)	(4,889,969)	(142,375,408)
Depreciation and amortization	(4,602,840)	(977,307)	(8,767,846)	(3,256,921)	(17,604,914)
Investment income	-	-	-	32,515,058	32,515,058
Share of results of associates	-	-	-	11,588,220	11,588,220
Finance costs	-	-	-	(1,034,294)	(1,034,294)
Other income, net	-	-	-	1,626,313	1,626,313
Segment profit before Zakat	25,566,466	15,108,455	31,784,440	36,548,407	109,007,768
Zakat expense	-	-	-	(18,225,283)	(18,225,283)
Segment profit after Zakat	25,566,466	15,108,455	31,784,440	18,323,124	90,782,485
Net profit for the period is attributable to:					
Ordinary shareholders of the parent company	25,566,466	15,108,455	31,784,440	18,323,124	90,782,485
Non-controlling interest	-	-	-	-	-
	25,566,466	15,108,455	31,784,440	18,323,124	90,782,485

34.2 Operating revenue by operating segments

31 March 2024 (Unaudited)	Data and technology			Total
	Capital markets	services	Post- trade	
Revenue recognised at a point-in-time				
Trading services	105,056,710	-	-	105,056,710
Data & technology Services	-	20,251	-	20,251
Post trade services	-	-	138,665,643	138,665,643
Listing services	4,099,000	-	-	4,099,000
Derivatives market	1,643	-	1,200	2,843
Revenue recognised over-time				
Data and technology services	-	47,016,346	-	47,016,346
Post trade services	-	-	46,285,783	46,285,783
Listing services	23,129,510	-	-	23,129,510
Derivatives market	421,629	-	51,400	473,029
Membership fees	835,575	-	495,000	1,330,575
Commission income on SAMA Bills, net	-	-	19,527,228	19,527,228
Commission income on SAMA deposits, net	-	-	2,018,827	2,018,827
Consolidated revenue	133,544,067	47,036,597	207,045,081	387,625,745

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

For the three-month period ended 31 March 2024

(Saudi Arabian Riyals)

34. SEGMENT INFORMATION (CONTINUED)
34.2 Operating revenue by operating segments (continued):

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 markets	2,649	-	4,007	6,656
Membership fees	-	-	-	-
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 markets	413,058	-	38,520	451,578
Membership fees	404,562	-	465,000	869,562
Commission income on SAMA Bills, net	-	-	10,472,130	10,472,130
Commission income on SAMA deposits, net	-	-	2,569,554	2,569,554
Consolidated revenue	72,266,742	31,461,654	120,564,397	224,292,793

35. 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 management; 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 condensed consolidated interim financial statements.

Enterprise Risk Management Framework

The Board of Directors (Board) has the overall responsibility for the establishment and oversight of the Group's Enterprise Risk Management (ERM) Framework. The Board is responsible for approving the Group's ERM policy. Furthermore, the Board Governance, Risk and Compliance Committee is responsible for overseeing the effective implementation of the ERM policy.

The Group's ERM policy is established to identify and analyze risks faced by the Group, to set appropriate risk limits & controls, and to monitor risks & adherence to limits. The ERM Policy and Framework are reviewed regularly to reflect changes in market conditions and the Group's activities. The Group, aims to develop a constructive risk culture in which all employees proactively engage and understand their roles and obligations.

The main components of the Group's ERM Framework are risk governance, risk appetite & tolerance, risk management process, Risk Universe, risk culture, risk management tools and relevant policies and procedures. The framework governs the processes required to identify, evaluate and prioritize the key risks that could impact the Group and the execution of its strategy.

To ensure an integrated and consistent approach across the risk management process of the Group, risk appetite & tolerance limits are defined as per the Risk Universe, which classifies risks into structured categories for effective risk management. This risk classification directly influences the particular configuration of the risk appetite and other ERM Framework elements such as the ERM Policy and procedures.

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

For the three-month period ended 31 March 2024
(Saudi Arabian Riyals)

35. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT (CONTINUED)

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 objective 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. All business functions link their risk assessment methodology in line with the Risk Universe and core statements. In addition, all the policies and procedures of the business functions should be aligned with all the tolerance levels stated in Risk Appetite Statement.

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

35.1 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.

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 or USD.

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 (Unaudited)	
	2024	2023
Effect on profit for the period (+/-)	12,949,534	11,740,150

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

For the three-month period ended 31 March 2024

(Saudi Arabian Riyals)

35. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT (CONTINUED)
35.2 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 2024 (Unaudited)	31 December 2023 (Audited)
Cash and cash equivalents	947,802,469	2,050,614,074
Investments at amortized cost	388,048,003	391,088,818
Investments at fair value through profit or loss	1,781,596,745	269,253,058
Clearing participant financial assets	4,708,982,758	3,526,916,817
Accounts receivable	182,006,616	94,707,793
Other receivables	13,117,388	7,714,462
Accrued operational revenue	7,763,487	7,395,257
Advance to employees	6,118,678	7,011,127
Security deposit	4,493,760	4,493,760
Total	8,039,929,904	6,359,195,166

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:

Current accounts

Bank name	STANDARD & POOR		Moody's		Fitch	
	Long term	Short term	Long term	Short term	Long term	Short term
SAB	-	-	A1	P-1	A-	F2
SNB	A-	A-2	A1u	P-1u	A-	F2
BSF	A-	A-2	A1	P-1	-	-
SAIB	BBB	A-2	A2	P-1	A-	F2
Emirates NBD	-	-	A2	P-1	-	-
Mashreq Bank	A	A-1	Baa1	P-2	-	-

Time deposit

Bank name	STANDARD & POOR		Moody's		Fitch	
	Long term	Short term	Long term	Short term	Long term	Short term
SAB	-	-	A1	P-1	A-	F2
Alinma Bank	-	-	A2	P-1	A-	F2
ANB	A-	A-2	A1	P-1	-	-
AlRajhi Bank	A-	A-2	A1	P-1	A-	F2

(A Saudi Joint Stock Company)

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

For the three-month period ended 31 March 2024

(Saudi Arabian Riyals)

35. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT (CONTINUED)**35.2 Credit risk (continued)**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 9.

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.

Other receivables

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

35.3 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 2024.

	Weighted average loss rate %	Gross carrying amount	Loss allowance
0-30 days (not past due)	1.20	111,477,977	1,338,194
30-60 days	1.54	25,152,327	387,194
61-90 days	9.72	17,340,927	1,684,985
91-120 days	20.49	1,362,944	279,249
121-180 days	18.77	4,489,558	842,879
181-360 days	76.05	5,369,344	4,083,286
More than 360 days past due	56.74	58,778,159	33,348,833
		223,971,236	41,964,620

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

	Weighted average loss rate %	Gross carrying amount	Loss allowance
0-30 days (not past due)	1.95	52,204,949	1,020,069
30-60 days	1.36	8,153,821	111,005
61-90 days	18.54	7,153,055	1,326,013
91-120 days	23.44	713,110	167,175
121-180 days	33.12	3,658,377	1,211,667
181-360 days	54.07	8,737,200	4,723,908
More than 360 days past due	59.88	56,453,644	33,806,526
		137,074,156	42,366,363

**35. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT (CONTINUED)****35.4 Operational Risk Management**

The Group's objective is to manage operational risk arising from failure of internal and external processes, individuals, systems, or external events. These include issuer operations risks, member operations risks, market operations risks, human resources risks and physical asset risks. 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.

In order to manage the Group's Clearing services activities risks, the Group through one of its subsidiaries (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.

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

For the three-month period ended 31 March 2024

(Saudi Arabian Riyals)

35. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT (CONTINUED)
35.5 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 2024 (Unaudited)				31 December 2023 (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	1,781,596,745	1,781,596,745	-	1,781,596,745	269,253,058	269,253,058	-	269,253,058
Financial assets at amortised cost:								
Investments	388,048,003	-	388,048,003	388,048,003	391,088,818	-	391,088,818	391,088,818
Cash and cash equivalents	947,802,469	947,802,469	-	947,802,469	2,050,614,074	2,050,614,074	-	2,050,614,074
Clearing participant financial assets	4,708,982,758	4,708,982,758	-	4,708,982,758	3,526,916,817	3,526,916,817	-	3,526,916,817
Account receivables	182,006,616	182,006,616	-	182,006,616	94,707,793	94,707,793	-	94,707,793
Accrued operational revenue	7,763,487	7,763,487	-	7,763,487	7,395,257	7,395,257	-	7,395,257
Advance to employees	6,118,678	6,118,678	-	6,118,678	7,011,127	7,011,127	-	7,011,127
Other receivables	13,117,388	13,117,388	-	13,117,388	7,714,462	7,714,462	-	7,714,462
Security deposit	4,493,760	4,493,760	-	4,493,760	4,493,760	4,493,760	-	4,493,760
Total financial assets	8,039,929,904	7,651,881,901	388,048,003	8,039,929,904	6,359,195,166	5,968,106,348	391,088,818	6,359,195,166
Financial liabilities at amortised cost								
Borrowings	21,573,633	21,930,523	829,660	22,760,183	11,488,042	10,771,522	1,174,355	11,945,877
Non-controlling interest put options	178,265,117	-	220,500,000	220,500,000	175,363,779	-	220,500,000	220,500,000
Clearing participant financial liabilities	4,690,129,601	4,690,129,601	-	4,690,129,601	3,508,060,041	3,508,060,041	-	3,508,060,041
Lease liabilities	205,089,857	56,338,006	175,433,171	231,771,177	202,256,755	56,594,257	175,227,111	231,821,368
Accounts payable	250,078,031	250,078,031	-	250,078,031	49,793,406	49,793,406	-	49,793,406
Balance due to Capital Market Authority	36,868,214	36,868,214	-	36,868,214	55,137,969	55,137,969	-	55,137,969
Accrued expenses and other current liabilities	255,512,166	255,512,166	-	255,512,166	300,062,492	300,062,492	-	300,062,492
Total financial liabilities	5,637,516,619	5,310,856,541	396,762,831	5,707,619,372	4,302,162,484	3,980,419,687	396,901,466	4,377,321,153
Net financial assets	2,402,413,285	2,341,025,360	(8,714,828)	2,332,310,532	2,057,032,682	1,987,686,661	(5,812,648)	1,981,874,013

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

For the three-month period ended 31 March 2024

(Saudi Arabian Riyals)

35. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT (CONTINUED)**35.6 Changes in liabilities arising from financing activities**

	1 January	Acquisition	Cash flows	Finance cost	New leases	31 March
2024						
Lease liabilities	202,256,755	-	(63,022)	2,896,124	-	205,089,857
Borrowings	11,488,042	-	(2,414,409)	-	12,500,000	21,573,633
	213,744,797	-	(2,477,431)	2,896,124	12,500,000	226,663,490
	1 January	Acquisition	Cash flows	Finance cost	New leases	31 December
2023						
Lease liabilities	-	-	(68,834,629)	9,354,023	261,737,361	202,256,755
Borrowings	-	20,743,923	(9,291,691)	35,810	-	11,488,042
	-	20,743,923	(78,126,320)	9,389,833	261,737,361	213,744,797

35.7 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. Equity comprises capital and other reserve and retained earnings, and is measured at SAR 3,326,829,804 as at 31 March 2024 (31 December 2023: SAR 3,129,035,552).

36. 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 2024

(Saudi Arabian Riyals)

36. 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.

	Carrying Value	31 March 2024 (Unaudited)			Total fair value
		Level 1	Fair value Level 2	Level 3	
Investments – at FVTPL					
- Money market funds	1,781,596,745	-	1,781,596,745	-	1,781,596,745
Non-controlling interest put option	178,265,117	-	178,265,117	-	178,265,117

	Carrying Value	31 December 2023 (Audited)			Total fair value
		Level 1	Fair value Level 2	Level 3	
Investments – at FVTPL					
- Money market funds	269,253,058	-	269,253,058	-	269,253,058
Non-controlling interest put option	175,363,779	-	175,363,779	-	175,363,779

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 2024 (31 December 2023: Nil).

37. SUBSEQUENT EVENTS

- 37.1 The Group has established a new wholly owned subsidiary (a Limited liability company) called "Tadawul First Investment Company" with authorized share capital of SAR 25 million registered in the Kingdom of Saudi Arabia under Commercial Registration number 1009014645 dated 8/10/1445 H (corresponding to 17 April 2024). The Company is established to be used as an investment vehicle for the Group's upcoming planned investment in DME Holdings Limited.
- 37.2 Other than the above mentioned event, there are no other events subsequent to the period which requires disclosure in these condensed consolidated interim financial statements. There is no event subsequent to the period which required any adjustment in the condensed consolidated interim financial statements.

38. DIVIDENDS

The Board of Directors of the Company in their meeting on 25 February 2023 recommended to the General Assembly which approved the distribution of dividends on 10 May 2023 to the shareholders for the fiscal year ended 31 December 2022 with a total amount of SAR 277.2 million, equivalent to SAR 2.31 per share representing 23.1% of the share par value.

The Board of Directors of the Company in their meeting on 9 March 2024 recommended to the General Assembly which approved the distribution of dividends on 25 April 2024 to the shareholders for the fiscal year ended 31 December 2023 with a total amount of SAR 276 million, equivalent to SAR 2.30 per share representing 23% of the share par value.



39. BUSINESS COMBINATION

On 17 Shawwal 1444H corresponding to 7 May 2023, the Group acquired 51% of the issued capital of DFN from its shareholders. The acquisition has been accounted for using the acquisition method with the Group being the acquirer and DFN being the acquiree.

The Group is in the process of undertaking a comprehensive purchase price allocation exercise which is expected to be completed within twelve months from the acquisition date. A provisional purchase price allocation has been included in these condensed consolidated interim financial statements. Subsequent adjustments during the measurement period will occur as the Group completes its estimation of fair values of assets acquired and liabilities assumed. The accounting for the fair value of the acquired DFN financial assets and liabilities is provisional due to the inherent complexity and judgement associated with identifying intangible assets, and determining the fair value of identified intangible assets and on-balance sheet items. The goodwill is primarily attributable to the expected synergies and other benefits from combining the assets and activities of DFN with those of the Group.

The transaction was funded by internal resources of the Group which will be then be covered by a Sharia compliant bank facility which is in process. Certain conditions relating to the restructuring of the DFN have been moved to post-completion obligations in accordance with the agreement.

(A Saudi Joint Stock Company)

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

For the three-month period ended 31 March 2024

(Saudi Arabian Riyals)

39. BUSINESS COMBINATION (CONTINUED)

The following table summarises the recognised amounts of assets acquired and liabilities assumed at the date of acquisition:

	<i>Notes</i>	Fair value as at 7 May 2023
<u>Assets</u>		
<u>Non-current assets</u>		
Property and equipment		4,963,191
Intangible assets	6	83,424,788
Capital work-in-progress	6	8,454,236
Right of use asset	8	1,198,121
Total non-current asset		98,040,336
<u>Current assets</u>		
Cash and cash equivalents		6,282,326
Accounts receivable		18,996,663
Other assets		7,202,715
Total current asset		32,481,704
Total assets		130,522,040
<u>Liabilities</u>		
<u>Non-current liabilities</u>		
Employees' end-of-service benefits	16	8,045,493
Long-term borrowings		5,980,002
Deferred revenue	22	12,397,613
Lease liability	15	163,250
Total non-current liabilities		26,586,358
<u>Current liabilities</u>		
Lease liability	15	1,116,368
Current portion of long-term borrowings		14,763,921
Deferred revenue	22	14,546,346
Accounts payable and accrued expenses		28,169,017
Total current liabilities		58,595,652
Total liabilities		85,182,010
Total identifiable net assets		45,340,030
Non-controlling interest's share of identifiable net assets (49%)		22,216,614
Group's share of identifiable net assets (51%)		23,123,415
Provisional goodwill arising on acquisition	6	95,134,585
Purchase consideration		118,258,000
<u>Analysis of cash flows on acquisition:</u>		
Purchase consideration transferred for acquisition of subsidiary		113,921,000
Cash and bank balances of DFN as at 7 May 2023		(6,282,326)
Purchase consideration for acquisition of subsidiary net of cash acquired		107,638,674

40. RECLASSIFICATIONS

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

41. APPROVAL OF THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

The condensed consolidated interim financial statements have been approved by the Board of Directors on 25 Shawwal 1445H corresponding to 4 May 2024.