

Q2 2023

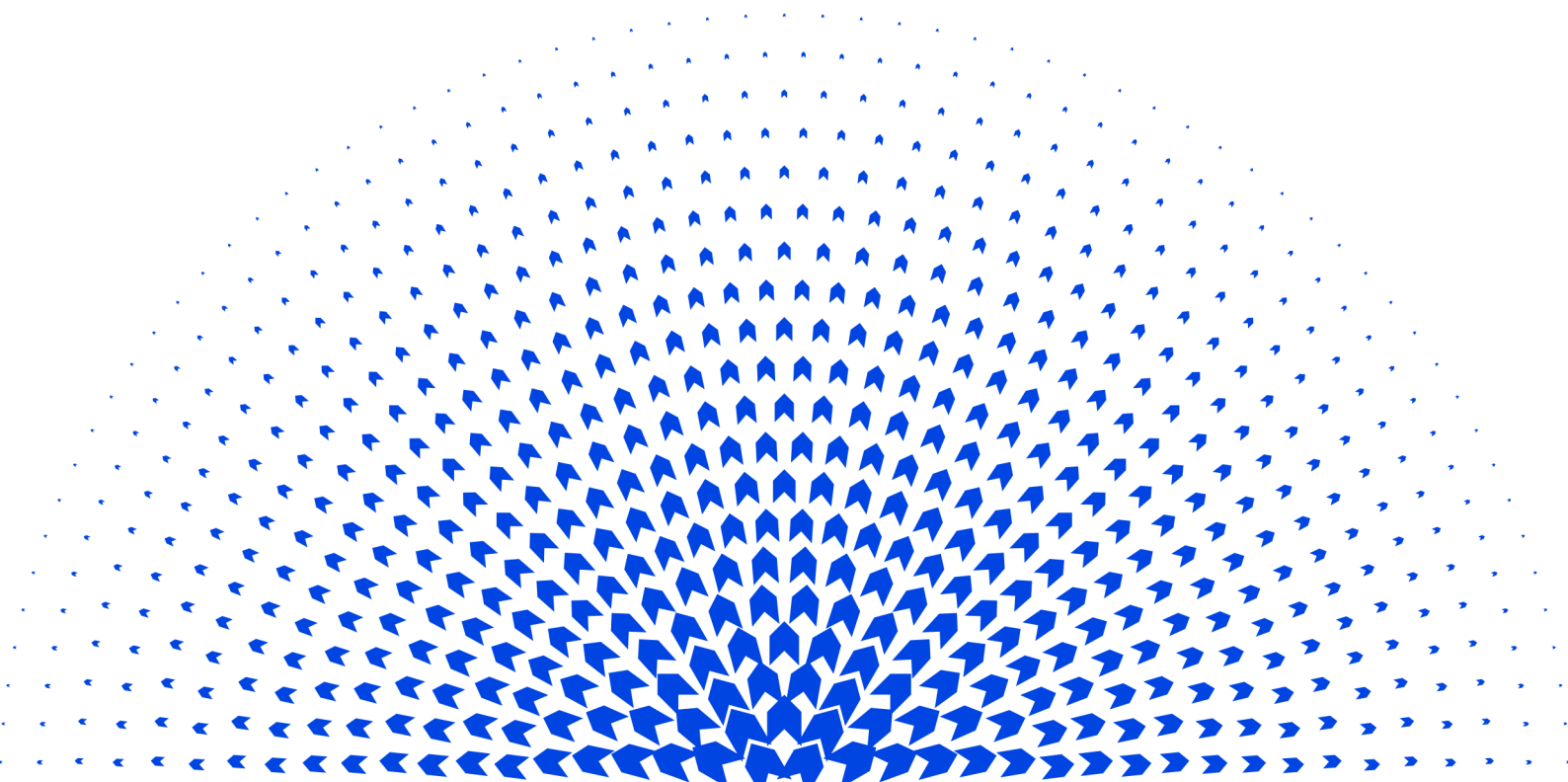
SAUDI TADAWUL GROUP HOLDING COMPANY

(A Saudi Joint Stock Company)

Condensed Consolidated Interim Financial Statements

For the three-month and six-month periods ended 30 June 2023

and the Independent Auditor's review report





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

Introduction:

We have reviewed the accompanying condensed consolidated interim statement of financial position of Saudi Tadawul Group Holding Company (A Saudi Joint Stock Company) (the "Company") and its subsidiaries (collectively referred to as the "Group") as at 30 June 2023 and the related condensed consolidated interim statement of profit and loss and other comprehensive income for the three-month and six-month periods then ended and the condensed consolidated interim statement of changes in equity and condensed consolidated interim statement of cash flows for the six-month period then ended, and a summary of significant accounting policies and other explanatory notes. Management is responsible for the preparation and presentation of these condensed consolidated interim financial statements in accordance with International Accounting Standard 34, "Interim Financial Reporting" ("IAS 34") that is endorsed in the Kingdom of Saudi Arabia. Our responsibility is to express a conclusion on these condensed consolidated interim financial statements based on our review.

Scope of Review

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

Conclusion

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

for Ernst & Young Professional Services

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

Riyadh: 4 Muharram 1445H
(22 July 2023)



CONDENSED CONSOLIDATED INTERIM STATEMENT OF FINANCIAL POSITION

As at 30 June 2023

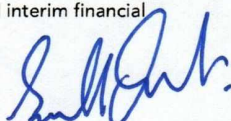
(Saudi Arabian Riyals)

	<i>Notes</i>	30 June 2023 (Unaudited)	31 December 2022 (Audited)
ASSETS			
Non-current assets			
Property and equipment		125,829,339	110,404,115
Intangible assets	6	316,830,070	139,298,385
Investments in associates	7	399,753,632	400,697,523
Right-of-use assets	8	196,171,395	5,310,445
Investments	9	391,532,005	55,809,077
Total non-current assets		1,430,116,441	711,519,545
Current assets			
Investments	9	266,878,762	618,569,219
Accounts receivable	10	102,584,279	64,348,393
Prepaid expenses and other current assets	11	147,356,914	116,105,444
Clearing participant financial assets	12	3,810,643,393	4,060,678,204
Cash and cash equivalents	13	1,995,479,405	2,118,826,096
Total current assets		6,322,942,753	6,978,527,356
Total assets		7,753,059,194	7,690,046,901
EQUITY AND LIABILITIES			
Equity			
Share capital	1	1,200,000,000	1,200,000,000
Statutory reserve	14	360,000,000	360,000,000
Other reserve	18	(169,531,148)	-
Retained earnings		1,538,498,433	1,619,689,827
Equity attributable to ordinary shareholders of the parent company		2,928,967,285	3,179,689,827
Non-controlling interest	15	54,346,859	-
Total equity		2,983,314,144	3,179,689,827
Non-current liabilities			
Lease liabilities	16	162,074,522	-
Employees' end-of-service benefits liability	17	85,551,989	79,561,092
Non-controlling interest put option	18	169,531,148	-
Long-term borrowings		4,965,996	-
Total non-current liabilities		422,123,655	79,561,092
Current liabilities			
Current portion of long-term borrowings		11,293,929	-
Clearing participant financial liabilities	19	3,746,172,891	4,031,775,573
Accounts payable	20	202,447,745	30,928,875
Balance due to Capital Market Authority (CMA)	21	56,448,735	19,375,330
Deferred revenue	22	77,950,007	16,722,361
Accrued expenses and other current liabilities	23	218,439,073	264,771,975
Zakat provision	24	34,869,015	67,221,868
Total current liabilities		4,347,621,395	4,430,795,982
Total liabilities		4,769,745,050	4,510,357,074
Total equity and liabilities		7,753,059,194	7,690,046,901

The accompanying notes from (1) through (40) 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 and six-month periods ended 30 June 2023

(Saudi Arabian Riyals)

	Notes	For the three-month period ended 30 June		For the six-month period ended 30 June	
		2023 (Unaudited)	2022 (Unaudited)	2023 (Unaudited)	2022 (Unaudited)
Operating revenue	25	252,036,040	298,112,221	463,287,149	592,061,213
Operating costs	26	(99,584,480)	(100,365,610)	(200,962,050)	(185,476,231)
Gross profit		152,451,560	197,746,611	262,325,099	406,584,982
General and administrative expenses	27	(68,572,555)	(58,121,375)	(125,071,839)	(110,778,531)
Reversal / (allowance) for expected credit losses		30,983	(1,344,548)	(2,072,485)	(3,504,831)
Operating profit		83,909,988	138,280,688	135,180,775	292,301,620
Investment income	28	46,757,508	14,352,330	92,314,250	24,270,798
Share of results of associates	7	(12,532,111)	(800,370)	(21,833,011)	(2,395,467)
Reversal of impairment in investment in associates	7.1	-	-	20,889,120	-
Finance costs	29	(1,148,532)	(765,364)	(2,182,826)	(1,252,427)
Other income, net		327,849	2,836,749	1,954,162	2,836,951
Non-operating profit		33,404,714	15,623,345	91,141,695	23,459,855
Profit before zakat for the period		117,314,702	153,904,033	226,322,470	315,761,475
Zakat expense	24	(11,418,249)	(16,234,861)	(29,643,532)	(37,457,169)
Profit for the period		105,896,453	137,669,172	196,678,938	278,304,306
Profit for the period is attributable to:					
Ordinary shareholders of the parent company		105,226,123	137,669,172	196,008,608	278,304,306
Non-controlling interest		670,330	-	670,330	-
		105,896,453	137,669,172	196,678,938	278,304,306
Other comprehensive income		-	-	-	-
Total comprehensive income for the period		105,896,453	137,669,172	196,678,938	278,304,306
Total comprehensive income for the period is attributable to:					
Ordinary shareholders of the parent company		105,226,123	137,669,172	196,008,608	278,304,306
Non-controlling interest	15	670,330	-	670,330	-
		105,896,453	137,669,172	196,678,938	278,304,306
Basic and diluted earnings per share attributable to ordinary shareholders of the parent company	30	0.88	1.15	1.63	2.32

The accompanying notes from (1) through (40) 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 six-month period ended 30 June 2023

*(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 (Note 15)	Total equity
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
Acquisition of subsidiary (Note 38)	-	-	-	-	-	53,676,529	53,676,529
Net profit and total comprehensive income for the period	-	-	-	196,008,608	196,008,608	670,330	196,678,938
Dividends (Note 37)	-	-	-	(277,200,002)	(277,200,002)	-	(277,200,002)
Non-controlling interest put options (Note 18)	-	-	(167,805,446)	-	(167,805,446)	-	(167,805,446)
Revaluation on non-controlling interest put option	-	-	(1,725,702)	-	(1,725,702)	-	(1,725,702)
Balance as at 30 June 2023 (Unaudited)	1,200,000,000	360,000,000	(169,531,148)	1,538,498,433	2,928,967,285	54,346,859	2,983,314,144
Balance as at 1 January 2022 (Audited)	1,200,000,000	360,000,000	-	1,532,440,906	3,092,440,906	-	3,092,440,906
Net profit and total comprehensive income for the period	-	-	-	278,304,306	278,304,306	-	278,304,306
Dividends (Note 37)	-	-	-	(360,000,000)	(360,000,000)	-	(360,000,000)
Balance as at 30 June 2022 (Unaudited)	1,200,000,000	360,000,000	-	1,450,745,212	3,010,745,212	-	3,010,745,212


The accompanying notes from (1) through (40) form an integral part of these condensed consolidated interim financial statements



Chairperson



Group Chief Executive Officer



Group Chief Financial Officer



CONDENSED CONSOLIDATED INTERIM STATEMENT OF CASH FLOWS

For the six-month period ended 30 June 2023


(Saudi Arabian Riyals)

	Notes	For the six-month period ended 30 June	
		2023 (Unaudited)	2022 (Unaudited)
Cash flows from operating activities			
Profit before zakat for the period		226,322,470	315,761,475
<i>Adjustments to reconcile profit before zakat for the period to net cash generated from operating activities:</i>			
Depreciation and amortization	26,27	35,993,732	30,323,821
Allowance for expected credit losses	9,10	2,072,485	3,504,831
Reversal of impairment in investment in associates	7.1	(20,889,120)	-
Provision for employees' end-of-service benefits	17	6,745,624	6,189,478
Realised gain on sale of investments	28	(4,518,980)	(2,722,680)
Unrealised gain on investments	28	(2,386,510)	(16,237,164)
Dividend income	28	(616,578)	(2,888,263)
Commission income	28	(84,792,182)	(2,422,691)
Share of results of associates	7	21,833,011	2,395,467
Finance costs on borrowings		114,238	95,170
Changes in operating assets and liabilities:			
Accounts receivable		6,953,141	(23,358,756)
Prepaid expenses and other current assets		(30,028,256)	(1,247,101)
Accounts payable		163,417,267	4,911,244
Balance due to Capital Market Authority (CMA)		37,073,405	36,338,532
Deferred revenue		51,301,802	55,782,768
Accrued expenses and other current liabilities		(56,651,560)	(9,487,376)
Clearing participant financial assets		279,751,456	(4,010,035,186)
Clearing participant financial liabilities		(285,602,682)	4,008,436,876
Net cash generated from operations		346,092,763	395,340,445
Employees' end-of-service benefits paid	17	(4,038,939)	(2,218,378)
Zakat paid	24	(67,139,039)	(67,132,242)
Net cash flows from operating activities		274,914,785	325,989,825
Cash flows from investing activities			
Purchase of investments		(560,037,727)	(619,557,355)
Proceeds from disposal of investments		583,381,005	762,749,895
Commission income received on investment at amortised cost		3,932,354	700,501
Dividend income received		127,762	2,891,887
Commission received on time deposits		50,486,285	-
Purchase of intangible assets and property and equipment		(37,273,211)	(32,392,137)
Purchase consideration for acquisition of subsidiary net of cash acquired	38	(108,512,091)	-
Net cash flows (used in) / from investing activities		(67,895,623)	114,392,791
Cash flows from financing activities			
Finance cost paid of lease liabilities		-	(95,170)
Principal repayment of lease liabilities	16	(50,093,947)	(7,542,127)
Payment of borrowings		(3,071,904)	-
Dividends paid	37	(277,200,002)	(360,000,000)
Net cash flows used in financing activities		(330,365,853)	(367,637,297)
Net (decrease) / increase in cash and cash equivalents		(123,346,691)	72,745,319
Cash and cash equivalents at beginning of the period		2,118,826,096	86,197,458
Cash and cash equivalents at end of the period	13	1,995,479,405	158,942,777

The accompanying notes from (1) through (40) form an integral part of these condensed consolidated interim financial statements



Chairperson



Group Chief Executive Officer



Group Chief Financial Officer

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

For the three-month and six-month periods ended 30 June 2023

(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).

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

On 7 May 2023, 51% shareholding in Direct Financial Network Company (DFN) was acquired by the company through one of its subsidiary (Wamid) refer note 1.1, 38 for details.

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 2022: 60%) of the share capital. As at 30 June 2023, the authorized, issued and fully paid-up share capital of the Company is SAR 1,200 million (31 December 2022: SAR 1,200 million) divided into 120 million shares (31 December 2022: 120 million shares) of SAR 10 each.

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

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

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

The Company's registered office address is as follows:

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

(A Saudi Joint Stock Company)

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

For the three-month and six-month periods ended 30 June 2023

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

1.1 Details of the Company's subsidiaries:

Name of subsidiaries	Country of incorporation and legal status	Commercial registration dated	Business activity	Ownership, direct and effective		Paid up share capital
				June 2023	December 2022	
Securities Depository Center Company ("Edaa")	Kingdom of Saudi Arabia, Closed Saudi Joint Stock Company	27/11/1437 H (corresponding to 30 August 2016 G)	Depository and registration of securities	100%	100%	400,000,000
Securities Clearing Center Company ("Muqassa")	Kingdom of Saudi Arabia, Closed Saudi Joint Stock Company	02/06/1439 H (corresponding to 18 February 2018 G)	Clearing services of securities	100%	100%	600,000,000
Tadawul Advance Solution Company ("Wamid")	Kingdom of Saudi Arabia, Closed Saudi Joint Stock Company	11/02/1442 H (corresponding to 28 September 2020 G)	Financial technology solutions, innovative capital market solutions for stakeholders	100%	100%	75,000,000
Saudi Exchange Company ("Exchange")	Kingdom of Saudi Arabia, Closed Saudi Joint Stock Company	17/08/1442 H (corresponding to 31 March 2021G)	Listing and trading of securities, market information dissemination	100%	100%	600,000,000
Direct Financial Network Company (DFN) (Refer Note 4 and 38)	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

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
				June 2023	December 2022	
Tadawul Real Estate Company ("TREC")	Kingdom of Saudi Arabia, Limited Liability Company	22/02/1433 H (corresponding to 17 January 2012 G)	Buying, selling, renting, managing and operating real estate facilities	33.12%	33.12%	1,280,000,000
Regional Voluntary Carbon Market Company ("RVCM")	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 and six-month periods ended 30 June 2023

*(Saudi Arabian Riyals)***2. BASIS OF PREPARATION****2.1 Statement of compliance**

These interim condensed consolidated interim financial statements for the period ended 30 June 2023 have been prepared in compliance with International Accounting Standard ("IAS") 34 "Interim Financial Reporting" as endorsed in the Kingdom of Saudi Arabia, other standards and pronouncements issued by the Saudi Organization for Chartered and Professional Accountants ("SOCPA") and in compliance with the provisions of the Regulations for Companies in the Kingdom of Saudi Arabia and the by-laws of the Company. The accounting policies in these condensed consolidated interim financial statements are consistent with those in the Group's annual consolidated financial statements for the year ended 31 December 2022 except adoption of new standards and amendments to standards effective 1 January 2023 and accounting policies listed in Note 4.

These condensed consolidated interim financial statements do not include all information and disclosures required for a complete set of financial statements and should be read in conjunction with the Group's last annual consolidated financial statements for the year ended 31 December, 2022. In addition, results for the six-month periods ended 30 June 2023 are not necessarily indicative of the results that may be expected for the financial year ending 31 December 2023.

2.2 Basis of measurement

These condensed consolidated interim financial statements have been prepared on a historical cost basis except for financial assets measured at fair value through profit or loss and 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 last annual consolidated financial statements for the year ended December 31, 2022.

3. BASIS OF CONSOLIDATION

These condensed consolidated interim financial statements comprise the financial statements of Saudi Tadawul Group Holding Company and its subsidiaries (collectively referred to as "the Group"). Control is achieved 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 and six-month periods ended 30 June 2023

(Saudi Arabian Riyals)

3. BASIS OF CONSOLIDATION (CONTINUED)

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

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

4. 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. Under this method, the non-controlling interest is not derecognised when the financial liability in respect of the put option is recognised, as the non-controlling interest still has present access to the economic benefits associated with the underlying ownership interest. Non-controlling interest put options are initially recognised at the present value of exercise price and reduction to parent equity. All subsequent changes in put option liability are recognised within equity in other reserve.

(A Saudi Joint Stock Company)

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

For the three-month and six-month periods ended 30 June 2023

*(Saudi Arabian Riyals)***5. NEW STANDARDS AND AMENDMENTS ISSUED**

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

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

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

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

Standards and amendments issued and not yet effective

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

Effective for annual financial periods beginning on or after	Standard, amendment or interpretation	Summary of requirements
1 January 2024	Amendments to IAS 1, Presentation of financial statements', on classification of liabilities	These narrow-scope amendments to IAS 1, 'Presentation of financial statements', clarify that liabilities are classified as either current or noncurrent, depending on the rights that exist at the end of the reporting period and non-current liabilities with covenants.
1 January 2024	Amendments to IFRS 16 - Lease Liability in a Sale and Leaseback	The amendments require seller-lessee to subsequently measure lease liabilities arising from a leaseback in a way that it does not recognise any amount of the gain or loss that relates to the right of use it retains.
1 January 2024	Amendments to IAS 7 and IFRS 7	Disclosures enhancement for supplier finance arrangements on the entity's liabilities.
Available for optional adoption/effective date deferred indefinitely	Amendments to IFRS 10 and IAS 28	Sale or contribution of Assets between an Investor and its Associate or Joint Ventures

6. INTANGIBLE ASSETS

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

	30 June 2023 (Unaudited)	31 December 2022 (Audited)
Software	212,313,070	111,030,467
Capital work-in-progress (CWIP)	41,463,407	28,267,918
Goodwill	<i>38</i> 63,053,593	-
Total	316,830,070	139,298,385

During the period ended 30 June 2023, the Group acquired 51% shareholding of DFN which increased software by SAR 96.65 million and CWIP by SAR 10.03 million at the acquisition date (refer Note 38) and purchase of intangibles of SAR 28.29 million.

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7. INVESTMENTS IN ASSOCIATES

		30 June 2023 (Unaudited)	31 December 2022 (Audited)
	<i>Notes</i>		
Investment in Tadawul Real Estate Company ("TREC")	7.1	367,116,622	365,697,523
Investment in Regional Voluntary Carbon Company ("RVCMC")	7.2	32,637,010	35,000,000
Total		399,753,632	400,697,523

7.1 Investment in TREC

This represents the Group's share of investment in TREC, a company incorporated in the Kingdom of Saudi Arabia, where the Company has significant influence through voting rights. As at 30 June 2023, the Group owns 33.12% (31 December 2022: 33.12%) of the share capital of TREC. The main activities of this associate is to develop a commercial office tower in King Abdullah Financial District, Riyadh, where the Group will be headquartered.

During the period ended 30 June 2023, the Group assessed whether there is any indication that an impairment loss recognised in prior years may no longer exist or may have decreased. Considering the completion of TREC's rental building "Tadawul Tower" and committed occupancy, the Group carried out an impairment test and estimated the recoverable amount to be more than the carrying amount and reversed impairment amounting to SAR 20.89 million (30 June 2022: Nil).

The Group has recognized its share of loss for the six-month period ended 30 June 2023, based on the management accounts of the associate. Any variance between TREC management accounts and reviewed financial statements are recorded in the preceding period.

The movement in carrying value of investment is as follows:

		For the six-month period ended 30 June 2023 (Unaudited)	For the year ended 31 December 2022 (Audited)
	<i>Note</i>		
Balance as at 1 January		365,697,523	375,616,085
Reversal of impairment		20,889,120	-
Share of results	32.1	(19,470,021)	(9,918,562)
Balance at end of the period / year		367,116,622	365,697,523

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

	30 June 2023 (Unaudited)	31 December 2022 (Audited)
Summarized statement of financial position		
Total current assets	246,866,080	32,825,683
Total non-current assets	2,269,358,149	2,282,712,671
Total current liabilities	1,393,592,604	85,461,524
Total non-current liabilities	4,081,207	1,062,846,629
Net assets (100%)	1,118,550,418	1,167,230,201
	For the six-month period ended 30 June 2023 (Unaudited)	For the year ended 31 December 2022 (Audited)
Summarized statement of profit or loss and other comprehensive income		
Total revenue	30,272,526	-
Net loss and total comprehensive loss for the period / year	(53,278,751)	(29,983,133)

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7. INVESTMENT IN ASSOCIATES (CONTINUED)

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 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 six-month period ended 30 June 2023, based on the management accounts of the associate. Any variance between RVCMC management accounts and reviewed financial statements are recorded in the preceding period.

The movement of investment carrying value is as follows:

	For the six-month period ended 30 June 2023 (Unaudited)	For the year ended 31 December 2022 (Audited)
	<i>Note</i>	
Balance as at 1 January	35,000,000	-
Investments made during the period / year	-	35,000,000
Share of results	<i>32.1</i> (2,362,990)	-
Balance at end of the period / year	32,637,010	35,000,000

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

	30 June 2023 (Unaudited)
Summarized statement of financial position	
Total assets (current)	184,967,100
Total liabilities (current)	18,630,196
Net assets (100%)	166,336,904
	For the period 24 October 2022 to 30 June 2023 (Unaudited)
Summarized statement of profit or loss and other comprehensive income	
Total revenue	-
Net loss and total comprehensive loss for the period	(12,516,870)

8. RIGHT-OF-USE ASSETS

	30 June 2023 (Unaudited)	31 December 2022 (Audited)
	<i>Note</i>	
Balance as at 1 January	5,310,445	7,120,394
Additions	209,124,635	11,201,872
Depreciation charge for the period / year	<i>8.1</i> (18,263,685)	(13,011,821)
Balance at the end of period / year	196,171,395	5,310,445

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8. RIGHT-OF-USE ASSETS (CONTINUED)

8.1 Depreciation expenses is allocated as follows:

		For the six-month period ended 30 June 2023 (Unaudited)	For the year ended 31 December 2022 (Audited)
	<i>Notes</i>		
General and administrative expenses		3,783,756	7,812,506
Operating costs		2,655,681	5,199,315
Cost directly attributable to capital work-in-progress under property and equipment	<i>8.2,32.1</i>	11,824,248	-
Total		18,263,685	13,011,821

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 at Group's discretion subject to terms and conditions of the agreement. The Group has been provided grace period and it is being utilized to perform fit-out works at the office premises to bring it to condition for its intended use. Consequently, the depreciation and finance cost are considered by the Group as cost directly attributable 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.

9. INVESTMENTS

Investment securities portfolios are summarized as follows:

		30 June 2023 (Unaudited)	31 December 2022 (Audited)
	<i>Notes</i>		
Non-current			
Investments at amortized cost	<i>9.1</i>	391,532,005	55,809,077
		391,532,005	55,809,077
Current			
Investments at FVTPL	<i>9.2</i>	266,878,762	618,569,219
		266,878,762	618,569,219

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 4.8% per annum as of 30 June 2023 (2022: 3.3%).

The details of these investments are as follow:

		30 June 2023 (Unaudited)	31 December 2022 (Audited)
Investment in Sukuk – Bank Albilad (Credit rating A3)		55,895,475	55,809,283
Investment in Sukuk – Saudi Government Sukuk (2022-03-15 - Credit rating A1)		62,191,543	-
Investment in Sukuk – Saudi Government Sukuk (2020-02-15 - Credit rating A1)		54,760,481	-
Investment in Sukuk – Saudi Government Sukuk (2018-07-07 - Credit rating A1)		218,686,017	-
Impairment loss on investments at amortized cost (9.1.1)		(1,511)	(206)
Total		391,532,005	55,809,077

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9. INVESTMENTS (CONTINUED)

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

	30 June 2023 (Unaudited)	31 December 2022 (Audited)
Balance as at 1 January	206	46,862
(Reversal) / charge for the period / year	1,305	(46,656)
Balance at the end of the period / year	1,511	206

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

30 June 2023

<u>Description</u>	<u>Maturity date</u>	<u>Face value</u>	<u>Classification</u>
Bank Albilad SAR Denominated Tier 2	15 April 2031	55,000,000	Non-current asset
Saudi Government SAR Sukuk (2022-03-15)	17 March 2037	61,317,467	Non-current asset
Saudi Government SAR Sukuk (2020-02-15)	24 February 2035	53,815,777	Non-current asset
Saudi Government SAR Sukuk (2018-07-07)	25 July 2025	215,226,880	Non-current asset

31 December 2022

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

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:

	30 June 2023 (Unaudited)		31 December 2022 (Audited)	
	<u>Cost</u>	<u>Fair value</u>	<u>Cost</u>	<u>Fair value</u>
Money market funds	250,095,911	262,431,540	594,704,109	610,812,003
Real estate funds	15,000,000	4,447,222	20,250,000	7,757,216
Total	265,095,911	266,878,762	614,954,109	618,569,219

10. ACCOUNTS RECEIVABLE

		30 June 2023 (Unaudited)	31 December 2022 (Audited)
Tarade receivables			
- Related parties	32.2	11,253,173	13,558,085
- Others		105,949,963	62,873,954
Less: allowance for expected credit losses	10.1	(28,181,980)	(26,110,800)
		89,021,156	50,321,239
Non-trade receivables			
- Related parties	32.2	3,228,866	3,473,121
- Others		10,334,257	10,554,033
		13,563,123	14,027,154
Total		102,584,279	64,348,393

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:*

		30 June 2023 (Unaudited)	31 December 2022 (Audited)
Balance as at 1 January		26,110,800	25,795,719
Charge for the period / year		2,071,180	315,081
Balance at end of the period / year	34.3	28,181,980	26,110,800

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11. PREPAID EXPENSES AND OTHER CURRENT ASSETS

		30 June 2023 (Unaudited)	31 December 2022 (Audited)
	<i>Notes</i>		
Advance against purchase of property	11.1	77,500,000	77,500,000
Prepaid insurance expenses		6,228,698	10,997,526
Advances to vendor		19,635,996	8,064,317
Accrued operational revenue		17,253,548	6,589,018
Advance to employees		8,028,311	5,020,765
Other receivables	11.2	18,710,361	7,933,818
Total		147,356,914	116,105,444

11.1 This represents an advance paid to 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 thirty days.

12. CLEARING PARTICIPANT FINANCIAL ASSETS

		30 June 2023 (Unaudited)	31 December 2022 (Audited)
<i>Financial assets at amortised cost:</i>	<i>Notes</i>		
Deposits with Saudi Central Bank (SAMA)	12.1	1,613,270,455	3,061,369,467
Investment in SAMA Bills	12.2	2,197,372,938	999,308,737
		3,810,643,393	4,060,678,204

12.1 Deposits with Saudi Central Bank (SAMA):

This represents cash collateral received from clearing participants in the form of initial margin, variation margin and default funds for the equity and derivatives markets. Commission is earned on such deposits at the prevailing market rates offered by SAMA. A portion of the commission is recorded as commission income from SAMA deposits in investment income (refer note 28) by the Group and the clearing members' share of the commission earned is added to their collateral accounts. These funds are not available for use in the operations of the Group.

		30 June 2023 (Unaudited)	31 December 2022 (Audited)
Deposits with SAMA - relating to Equities markets		1,582,024,273	3,030,450,725
Deposits with SAMA - relating to Derivatives markets		31,246,182	30,918,742
		1,613,270,455	3,061,369,467

12.2 Investment in SAMA Bills:

		30 June 2023 (Unaudited)	31 December 2022 (Audited)
Investment in SAMA Bills	<i>Note</i>		
	12.2.1	2,197,372,938	999,308,737

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12. CLEARING PARTICIPANT FINANCIAL ASSETS (CONTINUED)

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. A portion of the commission is recorded as commission income from SAMA Bills in investment income (refer note 28) by the Group and the clearing members' share of the commission earned is added to their collateral accounts. These funds are not available for use in the operations of the Group.

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

13. CASH AND CASH EQUIVALENTS

		30 June 2023 (Unaudited)	31 December 2022 (Audited)
Cash at banks – current accounts		208,236,962	49,821,541
Deposit with SAMA	13.1	16,500,000	16,500,000
Time deposits with original maturities equal to or less than three month from the date of acquisition	13.2	1,770,742,443	2,052,504,555
		1,995,479,405	2,118,826,096

13.1 Commission is earned on deposit with SAMA at the prevailing market rates offered by SAMA with maturity of less than three months.

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.

14. STATUTORY RESERVE

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

15. NON-CONTROLLING INTEREST

		30 June 2023 (Unaudited)	31 December 2022 (Audited)
Acquisition of a subsidiary	38	53,676,529	-
Profit or loss and other comprehensive income for the period attributable to non-controlling interest		670,330	-
Balance at the end of period / year		54,346,859	-

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16. 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:

	<u>Note</u>	30 June 2023 (Unaudited)	31 December 2022 (Audited)
Balance as at 1 January		-	982,913
Additions		209,124,633	11,201,873
Finance cost	16.1	3,043,836	130,602
Payment		(50,093,947)	(12,315,388)
Balance at the end of period / year		162,074,522	-

16.1 Finance cost incurred for the period ended 30 June 2023 amounting to of SAR 3,043,836 (30 June 2022: Nil) has been included in capital work-in-progress under property and equipment (Refer note 8.2).

17. EMPLOYEES' END-OF-SERVICE BENEFITS LIABILITY

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

	<u>Note</u>	30 June 2023 (Unaudited)	31 December 2022 (Audited)
Balance as at 1 January		79,561,092	96,876,185
Current service cost		4,677,036	10,064,443
Interest cost	29	2,068,588	2,241,385
Amount recognised in profit or loss		6,745,624	12,305,828
Acquisition of a subsidiary	38	3,284,212	-
Re-measurement (gain) / loss recognized in other comprehensive income		-	(22,650,595)
Benefits paid during the period / year		(4,038,939)	(6,970,326)
Balance at the end of the period / year		85,551,989	79,561,092

18. 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 38 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 has recorded the financial liability discounted at present value and corresponding impact in the parent shareholder's equity (other reserve) for the exercise price.

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

	30 June 2023 (Unaudited)	31 December 2022 (Audited)
Put option issued on 7 May 2023	167,805,446	-
Change in non-controlling interest put option liability	1,725,702	-
Balance at the end of the period / year	169,531,148	-

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19. CLEARING PARTICIPANT FINANCIAL LIABILITIES

		30 June 2023 (Unaudited)	31 December 2022 (Audited)
<i>Financial liabilities at amortised cost:</i>	<i>Notes</i>		
Collateral from clearing members	19.1	3,741,549,890	4,027,470,603
Members' contribution to clearing house funds	19.2	4,623,001	4,304,970
		3,746,172,891	4,031,775,573

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

		30 June 2023 (Unaudited)	31 December 2022 (Audited)
Trade payables:	<i>Note</i>		
Others		202,429,098	30,880,997
Related parties	32	18,647	47,878
Total		202,447,745	30,928,875

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.

22. DEFERRED REVENUE

		30 June 2023 (Unaudited)	31 December 2022 (Audited)
Balance as at beginning of the period / year	<i>Note</i>	16,722,361	3,214,902
Acquisition of a subsidiary	38	9,925,844	-
Invoiced during the period / year		174,918,562	209,652,633
Recognised as revenue during the period / year		(123,616,760)	(196,145,174)
Balance at the end of the period / year		77,950,007	16,722,361

23. ACCRUED EXPENSES AND OTHER CURRENT LIABILITIES

		30 June 2023 (Unaudited)	31 December 2022 (Audited)
Accrued employee expenses		67,169,360	115,362,304
Payable for General Organization for Social Insurance		1,972,945	2,079,494
Value added tax (VAT), net		9,637,505	457,531
Board of Directors remuneration payable	32	4,930,500	9,337,500
Accrued supplier expenses:			
- Related party	32	10,714,017	11,836,063
- Others		124,014,746	125,699,083
Total		218,439,073	264,771,975

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

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

The movements in zakat provision are as follows:

	30 June 2023 (Unaudited)	31 December 2022 (Audited)
Balance as at 1 January	67,221,868	66,663,698
Provision for Zakat for the period / year		
- Current period	29,726,361	67,221,868
- Prior year under / (over) provision	(82,829)	468,544
- Recoverable from MOF	4,325,843	-
	33,969,375	67,690,412
Acquisition of a subsidiary	816,811	-
Zakat paid during the period / year	(67,139,039)	(67,132,242)
Balance at the end of the period / year	34,869,015	67,221,868

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

25. OPERATING REVENUE

	For the three-month period ended 30 June		For the six-month period ended 30 June	
	2023 (Unaudited)	<u>2022</u> (Unaudited)	2023 (Unaudited)	<u>2022</u> (Unaudited)
Revenue recognized over-time				
Post trade services	39,557,317	35,220,853	77,554,522	73,770,804
Data and technology services	44,766,563	22,255,153	76,228,217	46,864,970
Listing services	20,869,303	20,667,144	42,390,431	40,919,994
Membership fees	938,624	1,548,629	1,808,187	2,302,223
Derivatives services	300,633	73,687	752,211	345,783
	106,432,440	79,765,466	198,733,568	164,203,774
Revenue recognized at point-in-time				
Post trade services	84,433,332	123,572,321	153,451,313	232,674,642
Trading services	59,566,255	88,941,504	109,301,599	187,962,164
Data and technology services	44,750	-	44,750	-
Listing services	1,550,000	5,822,196	1,740,000	7,197,196
Derivatives services	9,263	10,734	15,919	23,437
	145,603,600	218,346,755	264,553,581	427,857,439
Revenue from contracts with customers	252,036,040	298,112,221	463,287,149	592,061,213

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.

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26. OPERATING COSTS

	<i>Note</i>	For the three-month period ended 30 June		For the six-month period ended 30 June	
		<u>2023</u>	<u>2022</u>	<u>2023</u>	<u>2022</u>
		(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)
Salaries and related benefits		40,694,858	38,695,777	80,471,949	71,365,927
CMA fees	26.1	28,500,000	28,500,000	61,000,000	61,000,000
Technology and network		12,594,673	14,184,018	25,646,337	23,026,146
Depreciation and amortization		14,551,444	12,478,170	28,337,175	21,058,000
Consultancy		132,959	3,348,434	440,382	4,418,447
Accommodation and utilities		1,525,556	1,310,912	2,563,226	2,593,214
Others		1,584,990	1,848,299	2,502,981	2,014,497
Total		99,584,480	100,365,610	200,962,050	185,476,231

- 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.

27. GENERAL AND ADMINISTRATIVE EXPENSES

	For the three-month period ended 30 June		For the six-month period ended 30 June	
	<u>2023</u>	<u>2022</u>	<u>2023</u>	<u>2022</u>
	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)
Salaries and related benefits	49,540,001	40,461,575	86,460,475	73,964,102
Technology and network	4,189,956	3,707,967	9,078,918	7,163,866
Depreciation and amortization	3,837,374	5,217,147	7,656,557	9,265,821
Consultancy	2,825,089	1,613,432	4,921,297	2,950,059
Marketing and public relations	3,085,781	3,329,832	6,730,198	8,784,924
Accommodation and utilities	2,467,097	1,619,646	4,133,398	3,472,663
Board of Directors' remuneration	2,513,266	1,768,093	5,098,541	4,142,093
Others	113,991	403,683	992,455	1,035,003
Total	68,572,555	58,121,375	125,071,839	110,778,531

28. INVESTMENT INCOME

	For the three-month period ended 30 June		For the six-month period ended 30 June	
	<u>2023</u>	<u>2022</u>	<u>2023</u>	<u>2022</u>
	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)
Commission income on time deposits	26,629,140	-	50,486,285	-
Realised gain on sale investments, net	542,962	2,569,898	4,518,980	2,722,680
Commission income on SAMA Bills, net	14,116,345	301,959	24,588,475	301,959
Unrealised gain on investments, net	(259,444)	7,868,193	2,386,510	16,237,164
Commission income on SAMA deposits, net	2,558,616	1,207,699	5,128,170	1,245,299
Dividend income	254,194	1,884,392	616,578	2,888,263
Special commission income	237,723	-	237,723	-
Commission income on investment at amortised cost	2,677,972	520,189	4,351,529	875,433
Total	46,757,508	14,352,330	92,314,250	24,270,798

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29. FINANCE COSTS

	For the three-month period ended 30 June		For the six-month period ended 30 June	
	<u>2023</u> (Unaudited)	<u>2022</u> (Unaudited)	<u>2023</u> (Unaudited)	<u>2022</u> (Unaudited)
Finance cost on employees' end-of-service benefits liabilities	1,034,294	722,514	2,068,588	1,157,257
Finance expense on lease liabilities	-	42,850	-	95,170
Finance charges on borrowings	114,238	-	114,238	-
Total	1,148,532	765,364	2,182,826	1,252,427

30. 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 30 June 2023, totaling 120 million shares (30 June 2022: 120 million shares).

	For the three-month period ended 30 June		For the six-month period ended 30 June	
	<u>2023</u> (Unaudited)	<u>2022</u> (Unaudited)	<u>2023</u> (Unaudited)	<u>2022</u> (Unaudited)
Profit attributable to ordinary shareholders of the parent company	105,226,123	137,669,172	196,008,608	278,304,306
Weighted average outstanding number of shares	120,000,000	120,000,000	120,000,000	120,000,000
Earnings per share	0.88	1.15	1.63	2.32

31. CONTINGENCIES AND COMMITMENTS

Commitments

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

	30 June 2023 (Unaudited)	31 December 2022 (Audited)
Capital expenditure commitments	122,683,298	25,368,036
Operating expenditure commitments	63,645,389	37,654,733
	186,328,687	63,022,769

31.2 During the year end 31 December 2022, the Company entered into a short-term revolving financing facility agreement of SAR 28 million to as part of business continuity and contingency liquidity planning. There has been no drawdown against the facility as of 30 June 2023.

Contingencies

	30 June 2023 (Unaudited)	31 December 2022 (Audited)
31.3 Letters of guarantee	5,641,700	1,147,940

31.4 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.

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32. 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 BOD and / or owned by Parent and / or have common directors with the BOD of Parent;
- C) Associate companies, refer Note 1.2 for details; and
- D) Key Management that includes the Company's Board of Directors (BOD) and key executives

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

	<i>Notes</i>	For the six-month period ended 30 June	
		2023 (Unaudited)	2022 (Unaudited)
PIF			
Operating revenue from services rendered		2,535,000	-
Other related parties			
Operating revenue from services rendered		134,414,921	169,346,768
Commission income		19,846,220	750,433
Purchase of services (internet , utilities and others)		3,303,296	11,043,956
(Disposals) / purchase of investments at FVTPL		(13,801,775)	(95,989,946)
Associates			
Tadawul Real Estate Company – Share of results	7.1	(19,470,021)	(2,395,467)
Depreciation on right-of-use assets	8.1	11,824,248	-
Lease payment	16	50,093,947	-
Finance cost on lease liabilities	16	3,043,836	-
Investment in RVCN – Share of results	7.2	(2,362,990)	-
Key management personnel compensation			
Salaries and other short-term benefits		13,393,163	12,587,909
Post-employment benefits		796,524	1,454,864
Board of Directors' remuneration		5,098,541	4,142,093

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. The Company also paid dividends during the year to the shareholder of the Company.

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

	<i>Notes</i>	30 June 2023 (Unaudited)	31 December 2022 (Audited)
PIF			
Accounts receivable	10	-	-
Other related parties			
Investments held at FVTPL	9.2	-	13,720,906
Trade receivable	10	11,253,173	13,558,085
Less: ECL allowance	10.1	(466,364)	(780,298)
Non-trade receivable	10	3,228,866	3,473,121
Accounts receivable, net		14,015,675	16,250,908
Accrued expenses and other liabilities	20,22,23	18,883,118	18,102,697
Cash and cash equivalents	13	716,423,169	804,234,649
Clearing participant financial liabilities	19	823,405,856	866,246,957
Associates			
Accounts receivable - Tadawul Real Estate Company	10	-	538,071
Key management personnel			
Board of Directors remuneration payable	23	4,930,500	9,337,500

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.

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*(Saudi Arabian Riyals)***33. 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. All investments are incubated within this category, which also comprises managing strategy for business development, legal, finance, operations, information technology, human resources and customer relations management.

33.1 Financial information relating to operating segments:*For six-months period ended*

30 June 2023 (Unaudited)	Capital markets	Data and technology services	Post- trade	Corporate	Total
Segment revenue	154,928,260	76,272,967	232,085,922	-	463,287,149
Segment costs excluding depreciation and amortization	(85,990,271)	(39,324,501)	(152,180,662)	(14,617,208)	(292,112,642)
Depreciation and amortization	(9,142,727)	(3,168,844)	(17,096,543)	(6,585,618)	(35,993,732)
Investment income	-	-	-	92,314,250	92,314,250
Reversal of impairment in investment in associates	-	-	-	20,889,120	20,889,120
Share of results of associates	-	-	-	(21,833,011)	(21,833,011)
Finance costs	-	-	-	(2,182,826)	(2,182,826)
Other income, net	-	-	-	1,954,162	1,954,162
Profit before Zakat	59,795,262	33,779,622	62,808,717	69,938,869	226,322,470
Zakat expense	-	-	-	(29,643,532)	(29,643,532)
Profit after Zakat	59,795,262	33,779,622	62,808,717	40,295,337	196,678,938
Net profit for the period is attributable to:					
Ordinary shareholders of the parent company	59,795,262	33,109,292	62,808,717	40,295,337	196,008,608
Non-controlling interest	-	670,330	-	-	670,330
	59,795,262	33,779,622	62,808,717	40,295,337	196,678,938

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33. SEGMENT INFORMATION (CONTINUED)
33.1 Financial information relating to operating segments (continued):

30 June 2022 (Unaudited)	Capital markets	Data and technology services	Post- trade	Corporate	Total
Segment revenue	237,140,266	46,864,970	308,055,977	-	592,061,213
Segment cost excluding depreciation and amortization	(78,350,519)	(21,738,924)	(160,438,651)	(8,907,678)	(269,435,772)
Depreciation and amortization	(11,271,320)	(1,530,904)	(13,841,687)	(3,679,910)	(30,323,821)
Investment income	-	-	-	24,270,798	24,270,798
Share of results of associates	-	-	-	(2,395,467)	(2,395,467)
Finance costs	-	-	-	(1,252,427)	(1,252,427)
Other income, net	-	-	-	2,836,951	2,836,951
Segment profit before Zakat	147,518,427	23,595,142	133,775,639	10,872,267	315,761,475
Zakat expense	-	-	-	(37,457,169)	(37,457,169)
Segment profit after Zakat	147,518,427	23,595,142	133,775,639	(26,584,902)	278,304,306
Net profit for the period is attributable to:					
Ordinary shareholders of the parent company	147,518,427	23,595,142	133,775,639	(26,584,902)	278,304,306
Non-controlling interest	-	-	-	-	-
	147,518,427	23,595,142	133,775,639	(26,584,902)	278,304,306

For three-months period ended:

30 June 2023 (Unaudited)	Capital markets	Data and technology services	Post- trade	Corporate	Total
Segment revenue	82,661,518	44,811,313	124,563,209	-	252,036,040
Segment costs excluding depreciation and amortization	(43,818,188)	(23,873,962)	(72,093,904)	(9,951,180)	(149,737,234)
Depreciation and amortization	(4,614,534)	(2,266,185)	(8,403,344)	(3,104,755)	(18,388,818)
Investment income	-	-	-	46,757,508	46,757,508
Share of results of associates	-	-	-	(12,532,111)	(12,532,111)
Finance costs	-	-	-	(1,148,532)	(1,148,532)
Other income, net	-	-	-	327,849	327,849
Profit before Zakat	34,228,796	18,671,166	44,065,961	20,348,779	117,314,702
Zakat expense	-	-	-	(11,418,249)	(11,418,249)
Profit after Zakat	34,228,796	18,671,166	44,065,961	8,930,530	105,896,453
Net profit for the period is attributable to:					
Ordinary shareholders of the parent company	34,228,796	18,000,836	44,065,961	8,930,530	105,226,123
Non-controlling interest	-	670,330	-	-	670,330
	34,228,796	18,671,166	44,065,961	8,930,530	105,896,453

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*(Saudi Arabian Riyals)***33. SEGMENT INFORMATION (CONTINUED)***33.1 Financial information relating to operating segments (continued):**For three-months period ended (continued):*

30 June 2022 (Unaudited)	Capital markets	Data and technology services	Post- trade	Corporate	Total
Segment revenue	115,859,962	22,255,153	159,997,106	-	298,112,221
Segment cost excluding depreciation and amortization	(40,859,327)	(11,196,248)	(84,581,020)	(5,499,622)	(142,136,217)
Depreciation and amortization	(6,937,041)	(932,889)	(8,647,979)	(1,177,407)	(17,695,316)
Investment income	-	-	-	14,352,330	14,352,330
Share of results of associates	-	-	-	(800,370)	(800,370)
Finance costs	-	-	-	(765,364)	(765,364)
Other income, net	-	-	-	2,836,749	2,836,749
Segment profit before Zakat	68,063,594	10,126,016	66,768,107	8,946,316	153,904,033
Zakat expense	-	-	-	(16,234,861)	(16,234,861)
Segment profit after Zakat	68,063,594	10,126,016	66,768,107	(7,288,545)	137,669,172
Net profit for the period is attributable to:					-
Ordinary shareholders of the parent company	68,063,594	10,126,016	66,768,107	(7,288,545)	137,669,172
Non-controlling interest	-	-	-	-	-
	68,063,594	10,126,016	66,768,107	(7,288,545)	137,669,172

*33.2 Operating revenue by operating segments**For six-months period ended:*

30 June 2023 (Unaudited)	Capital markets	Data and technology services	Post- trade	Total
Revenue recognised at a point-in-time				
Trading services	109,301,599	-	-	109,301,599
Data & Technology Services	-	44,750	-	44,750
Post trade services	-	-	153,451,313	153,451,313
Listing services	1,740,000	-	-	1,740,000
Derivatives market	5,593	-	10,326	15,919
Revenue recognised over-time				
Data and technology services	-	76,228,217	-	76,228,217
Post trade services	-	-	77,554,522	77,554,522
Listing services	42,390,431	-	-	42,390,431
Derivatives market	674,012	-	78,199	752,211
Membership fees	816,625	-	991,562	1,808,187
Consolidated revenue	154,928,260	76,272,967	232,085,922	463,287,149

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*(Saudi Arabian Riyals)***33. SEGMENT INFORMATION (CONTINUED)***For six-months period ended (continued):*

30 June 2022 (Unaudited)	Capital markets	Data and technology services	Post- trade	Total
Revenue recognised at a point-in-time				
Trading services	187,962,164	-	-	187,962,164
Post trade services	-	-	232,674,642	232,674,642
Listing services	7,197,196	-	-	7,197,196
Derivatives markets	8,598	-	14,839	23,437
Revenue recognised over-time				
Data and technology services	-	46,864,970	-	46,864,970
Post trade services	-	-	73,770,804	73,770,804
Listing services	40,919,994	-	-	40,919,994
Derivatives markets	255,783	-	90,000	345,783
Membership fees	796,531	-	1,505,692	2,302,223
Consolidated revenue	237,140,266	46,864,970	308,055,977	592,061,213

For three-months period ended:

30 June 2023 (Unaudited)	Capital markets	Data and technology services	Post- trade	Total
Revenue recognised at a point-in-time				
Trading services	59,566,255	-	-	59,566,255
Data & Technology Services	-	44,750	-	44,750
Post trade services	-	-	84,433,332	84,433,332
Listing services	1,550,000	-	-	1,550,000
Derivatives market	2,944	-	6,319	9,263
Revenue recognised over-time				
Data and technology services	-	44,766,563	-	44,766,563
Post trade services	-	-	39,557,317	39,557,317
Listing services	20,869,303	-	-	20,869,303
Derivatives market	260,954	-	39,679	300,633
Membership fees	412,062	-	526,562	938,624
Consolidated revenue	82,661,518	44,811,313	124,563,209	252,036,040

30 June 2022 (Unaudited)	Capital markets	Data and technology services	Post- trade	Total
Revenue recognised at a point-in-time				
Trading services	88,941,504	-	-	88,941,504
Post trade services	-	-	123,572,321	123,572,321
Listing services	5,822,196	-	-	5,822,196
Derivatives markets	4,994	-	5,740	10,734
Revenue recognised over-time				
Data and technology services	-	22,255,153	-	22,255,153
Post trade services	-	-	35,220,853	35,220,853
Listing services	20,667,144	-	-	20,667,144
Derivatives markets	28,687	-	45,000	73,687
Membership fees	395,437	-	1,153,192	1,548,629
Consolidated revenue	115,859,962	22,255,153	159,997,106	298,112,221

34. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT

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

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

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

Risk management framework

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

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

The main components of the Group's Enterprise Risk Management Framework are the Risk Appetite Statement (RAS), Risk Universe, Risk and Control Self-Assessment (RCSA), Risk Registers, Key Risk Indicators (KRIs) and relevant policies and procedures. The framework governs the processes required to identify, evaluate and prioritize the key risks that could negatively affect Saudi Tadawul Group and the execution of its strategy.

To ensure an integrated and consistent approach across the risk management process of the Group, the Risk Appetite is defined as per risk categories. In the Enterprise Risk Management approach, sources of risk are classified into structured categories for effective risk management. This risk classification directly influences the particular configuration of the risk appetite and other risk framework elements such as enterprise risk management policies and procedures.

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:

34.1 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.



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*(Saudi Arabian Riyals)***34. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT (CONTINUED)****34.1 Market risk (continued)***Currency risk*

Currency risk is the risk that the value of financial instruments will fluctuate due to changes in foreign exchange rates. The Group is subject to fluctuations in foreign exchange rates in the normal course of its business. The Group is not exposed to currency risk and it did not undertake significant transactions in currencies other than Saudi Arabian Riyals 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 condensed consolidated interim statement of profit or loss and other comprehensive income as set out below:

	For the three-month period ended 30 June		For the six-month period ended 30 June	
	2023	2022	2023	2022
Effect on profit for the period (+/-)	11,286,230	10,434,776	22,572,461	20,869,552

34.2 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:

	30 June 2023 (Unaudited)	31 December 2022 (Audited)
Cash and cash equivalents	1,995,479,405	2,118,826,096
Investments at amortized cost	391,532,005	55,809,077
Accounts receivable	102,584,279	64,348,393
Advance for purchase of property	77,500,000	77,500,000
Other receivables	18,710,361	7,933,818
Accrued operational revenue	17,253,548	6,589,018
Advance to employees	8,028,311	5,020,765
Total	2,611,087,909	2,336,027,167

Cash and cash equivalents

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

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34. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT (CONTINUED)

34.2 Credit risk (continued)

Current accounts

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

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
SNB	A-	A-2	A1	P-1	A-	F2
Alinma Bank	-	-	-	-	A-	F2
ANB	A-	A-2	A1	P-1	A-	F2
AlRajhi Bank	A-	A-2	A1	P-1	A-	F2

Investments at amortized cost

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

Advance for purchase of property

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

Other receivables

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

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(Saudi Arabian Riyals)

34. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT (CONTINUED)

34.3 Concentration of credit risk

The following table provides information about the exposure to credit risk and expected credit losses for receivables as at 30 June 2023.

	Weighted average loss rate %	Gross carrying amount	Loss allowance
0-30 days (not past due)	0.12	41,194,931	51,284
30-60 days	1.10	1,513,581	16,635
61-90 days	2.65	1,282,779	34,018
91-120 days	1.72	8,465,698	145,481
121-180 days	20.00	6,537,077	1,307,415
181-360 days	4.37	5,743,504	251,076
More than 360 days past due	50.27	52,465,566	26,376,071
		117,203,136	28,181,980

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

	Weighted average loss rate %	Gross carrying amount	Loss allowance
0-30 days (not past due)	7.13	28,728,462	2,047,362
30-60 days	27.78	939,249	260,961
61-90 days	32.32	417,007	134,770
91-120 days	20.04	187,548	37,593
121-180 days	30.26	507,197	153,457
181-360 days	25.24	1,571,061	396,595
More than 360 days past due	52.36	44,081,515	23,080,062
		76,432,039	26,110,800

34.4 Operational risk

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

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34. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT (CONTINUED)
34.5 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:

	30 June 2023 (Unaudited)				31 December 2022 (Audited)			
	Carrying amount	Less than 12 months	More than 12 months	Total	Carrying amount	Less than 12 months	More than 12 months	Total
Financial assets at fair value:								
Investments	266,878,762	266,878,762	-	266,878,762	618,569,219	618,569,219	-	618,569,219
Financial assets at amortised cost:								
Investments	391,532,005	-	391,532,005	391,532,005	55,809,077	-	55,809,077	55,809,077
Cash and cash equivalents	1,995,479,405	1,995,479,405	-	1,995,479,405	2,118,826,096	2,118,826,096	-	2,118,826,096
Clearing participant financial assets	3,810,643,393	3,810,643,393	-	3,810,643,393	4,060,678,204	4,060,678,204	-	4,060,678,204
Account receivables	102,584,279	102,584,279	-	102,584,279	64,348,393	64,348,393	-	64,348,393
Accrued operational revenue	17,253,548	17,253,548	-	17,253,548	6,589,018	6,589,018	-	6,589,018
Advance to employees	8,028,311	8,028,311	-	8,028,311	5,020,765	5,020,765	-	5,020,765
Advance for purchase of property	77,500,000	77,500,000	-	77,500,000	77,500,000	77,500,000	-	77,500,000
Other receivables	18,710,361	18,710,361	-	18,710,361	7,933,818	7,933,818	-	7,933,818
Total financial assets	6,688,610,064	6,297,078,059	391,532,005	6,688,610,064	7,015,274,590	6,959,465,513	55,809,077	7,015,274,590
Financial liabilities at amortised cost								
Borrowings	16,259,925	11,293,929	4,965,996	16,259,925	-	-	-	-
Non-controlling interest put options	169,531,148	-	220,500,000	220,500,000	-	-	-	-
Clearing participant financial liabilities	3,746,172,891	3,746,172,891	-	3,746,172,891	4,031,775,573	4,031,775,573	-	4,031,775,573
Lease liabilities	162,074,522	-	191,269,188	191,269,188	-	-	-	-
Accounts payable	202,447,745	202,447,745	-	202,447,745	30,928,875	30,928,875	-	30,928,875
Balance due to Capital Market Authority	56,448,735	56,448,735	-	56,448,735	19,375,330	19,375,330	-	19,375,330
Accrued expenses and other current liabilities	218,439,073	218,439,073	-	218,439,073	264,771,975	264,771,975	-	264,771,975
Total financial liabilities	4,571,374,039	4,234,802,373	416,735,184	4,651,537,557	4,346,851,753	4,346,851,753	-	4,346,851,753
Net financial assets	2,117,236,025	2,062,275,686	(25,203,179)	2,037,072,507	2,668,422,837	2,612,613,760	55,809,077	2,668,422,837

(A Saudi Joint Stock Company)

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

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*(Saudi Arabian Riyals)***34. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT (CONTINUED)****34.6 Changes in liabilities arising from financing activities**

	As at 1 January	Cash flows			As at 30 June
	2022	Receipts	Payments	New leases	2023
	Lease liabilities	-	-	(50,093,947)	212,168,469
	-	-	(50,093,947)	212,168,469	162,074,522

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

34.7 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, statutory and other reserve and retained earnings, and is measured at SAR 2,983,314,144 as at 30 June 2023 (31 December 2022: SAR 3,179,689,827).

35. 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.



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*(Saudi Arabian Riyals)***35. 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.

	30 June 2023 (Unaudited)				
	Carrying Value	Fair value			Total fair value
		Level 1	Level 2	Level 3	
Investments – at FVTPL					
- Money market funds	262,431,540	-	262,431,540	-	262,431,540
- Real estate funds	4,447,222	-	4,447,222	-	4,447,222
Non-controlling interest put option	169,531,148	-	-	220,500,000	220,500,000
	31 December 2022 (Audited)				
	Carrying Value	Fair value			Total fair value
		Level 1	Level 2	Level 3	
Investments – at FVTPL					
- Money market funds	610,812,003	-	610,812,003	-	610,812,003
- Real estate funds	7,757,216	-	7,757,216	-	7,757,216

There were no transfers between level 1 and level 2 fair value measurements, and no transfers into or out of level 3 fair value measurements as of 30 June 2023 (31 December 2022: Nil).

36. SUBSEQUENT EVENTS

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

37. DIVIDENDS

The Board of Directors of the Company in their meeting on 25 February 2023 recommended 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 277.2 million Saudi Riyals, equivalent to 2.31 Saudi Riyals per share representing 23.1% of the share par value, provided that the dividend eligibility shall be to the Shareholders who own the Company's shares and registered in the Company's register at the Securities Depository Center Company (Edaa) by the end of the second trading day following the date of the Company's General Assembly (the "Eligibility Date"), and the date of the dividend distribution shall be within fifteen days from the Eligibility Date. These dividends were distributed accordingly during the period ended 30 June 2023.

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



38. BUSINESS COMBINATION

On 17 Sahwwal 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 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.

During the period ended 30 June 2023, the Group has expensed the acquisition related cost amounting to SAR 150,000 in the general and administrative expenses. Some of the acquisition related cost was incurred and recorded in previous period / year.

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

From the date of acquisition, DFN has contributed SAR 11.5 million of operating revenue and SAR 1.3 million to the profit after zakat of the Group. If the acquisition had taken place at the beginning of the year, the DFN's revenue would have been SAR 36.5 million of revenue and the profit after zakat for the period would have been SAR 2.2 million.

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*(Saudi Arabian Riyals)***38. 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		640,267
Intangible assets	6	96,648,679
Capital work-in-progress	6	10,027,380
Total non-current asset		107,316,326
<u>Current assets</u>		
Cash and cash equivalents		5,408,909
Accounts receivable		45,050,958
Other assets		3,432,462
Total current asset		53,892,329
Total assets		161,208,655
<u>Liabilities</u>		
<u>Non-current liabilities</u>		
Employees' end-of-service benefits liability	17	3,284,212
Long-term borrowings		4,851,758
Total non-current liabilities		8,135,970
<u>Current liabilities</u>		
Current portion of long-term borrowings		14,365,833
Deferred revenue	22	9,925,844
Accounts payable and accrued expenses		19,237,072
Total current liabilities		43,528,749
Total liabilities		51,664,719
Total identifiable net assets		109,543,936
Non-controlling interest's share of net identifiable net assets (49%)	15	53,676,529
Group's share of net identifiable net assets (51%)		55,867,407
Provisional goodwill arising on acquisition	6	63,053,593
Purchase consideration		118,921,000
<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		(5,408,909)
Purchase consideration for acquisition of subsidiary net of cash acquired		108,512,091

39. RECLASSIFICATIONS

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

40. APPROVAL OF THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

The condensed consolidated interim financial statements have been approved by the Board of Directors on 4 Muharram 1445H corresponding to 22 July 2023.