OSOOL AND BAKHEET INVESTMENT COMPANY
(A Saudi joint stock company)
Riyadh – Kingdom of Saudi Arabia

FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2023
AND INDEPENDENT AUDITOR'S REPORT

OSOOL AND BAKHEET INVESTMENT COMPANY
(A Saudi joint stock company)

FINANCIAL STATEMENTS AND INDEPENDENT AUDITOR'S REPORT
FOR THE YEAR ENDED 31 DECEMBER 2023

RSM Allied Accountants Professional Services Co.
Riyadh - Olaya District - Al Oruba Street
1st Floor, Building No. 3193
P.O. Box 8335, Riyadh - 12333
Tel.: +966 11 416 9361
Fax: +966 11 416 9349
Kingdom of Saudi Arabia
www.rsmksa.com
C.R : 4030228773

شركة ار اس ام المحاسبون المتحدون للإستشارات المهنية
الرياض – حي العليا - طريق العروبة
مبنى رقم ٣١٩٣ ، الطابق الأول
ص. ب ٨٣٣٥ ، الرياض - ١٢٣٣٣
هاتف: ٩٣٦١ ٤١٦ ١١ ٩٦٦+
فاكس: ٩٣٤٩ ٤١٦ ١١ ٩٦٦+
المملكة العربية السعودية
www.rsmksa.com
س.ت ٤٠٣٠٢٢٨٧٧٣

Independent Auditor's Report

To the shareholders of
Osool and Bakheet Investment company
(A Saudi joint stock company)
Riyadh – Kingdom of Saudi Arabia

Report on the audit of the financial statements

Opinion

We have audited the financial statements of **Osool and Bakheet Investment company** (A Saudi joint stock company) (the "Company") which comprise the statement of financial position as at 31 December 2023, the statements of profit or loss and other comprehensive income, changes in equity, and cash flows for the year then ended. and notes to the financial statements, comprising material accounting policies and other explanatory information.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Company as at 31 December 2023, and its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards (IFRSs), that are endorsed in Kingdom of Saudi Arabia and other standards and pronouncements issued by the Saudi Organization of Chartered and Professional Accountants ("SOCPA")

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing that are endorsed in the Kingdom of Saudi Arabia. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Company in accordance with the International Code of Ethics for Professional Accountants (including International Independence Standards), that are endorsed in the Kingdom of Saudi Arabia that are relevant to our audit of the financial statements, and we have fulfilled our other ethical responsibilities in accordance with Code's requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters

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

Key audit matter	How our audit addressed the key audit matter
Valuation of unquoted financial investments measured at fair value through profit or loss	
As of 31 December 2023, the carrying value of financial investments measured at fair value through profit or loss amounted to SAR 108.4 million (2022: SAR 67.7 million). The fair values of these financial investments are determined through the application of valuation techniques which often involve the exercise of judgement by management and the use of assumptions and estimates. Estimation uncertainty exists for those investments carried at FVTPL not traded in an active market (i.e. unquoted) and where the internal modelling techniques use: - Observable valuation inputs (Level 2 investments), and - Unobservable valuation inputs (Level 3 investments).	We have performed the following procedures regarding the fair value assessment of unquoted financial investments carried through profit or loss: • Obtained a detailed understanding of the management process and controls for determining the fair value of non-traded investments, including assessing the design and implementation of key controls for fair valuation. • Reviewed purchase agreement of the investments to assess the appropriateness of the fair value of the consideration. • Obtained valuation reports from the management's valuation expert and assessing the professional competence, objectivity, and capabilities of the expert in performing investment valuations.

Independent Auditor's Report (continued)

To the shareholders of
Osool and Bakheet Investment company
(A Saudi joint stock company)
Riyadh – Kingdom of Saudi Arabia

Key Audit Matters (continued)

Key audit matter	How our audit addressed the key audit matter
Valuation of unquoted financial investments measured at fair value through profit or loss (continued)	
Estimation uncertainty is particularly high for level 3 investments. The company's valuation of financial investments within Levels 2 and 3 was therefore considered a key audit matter given the degree of complexity involved in valuing these investments and the significance of the judgements and estimates made by the management. Please refer to note No. (3) for the significant accounting policy and note No. (6) and (28) for related disclosures in the accompanying financial statements.	• Assessed the suitability of the valuation methodology used for fair valuation. • Assessed the reasonableness of certain observable inputs and/or fair values derived based on comparable market data. • Conducted an evaluation of future cash flow expectations prepared by management across various sectors and the businesses invested in, evaluating key assumptions including the discount rate, and comparing estimates with externally available industrial, economic, and financial data, supported by internal valuation expert and assessed the appropriateness of the key assumptions mentioned above. • Ensured the mathematical accuracy of calculations performed according to valuation models. • Ensured the relevance and sufficiency of related disclosures in the financial statements in accordance with accounting standards.

Other Matter

The Company’s financial statements for the year ended 31 December 2022 were audited by another auditor, who expressed an unmodified opinion on those financial statements dated 9 Ramadan 1444H (corresponding to 31 March 2023).

Other information

Management is responsible for the other information. The other information comprises the Annual Report but does not include the financial statements and our auditor’s report thereon, which is expected to be made available to us after the date of this auditor’s report.

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

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

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

Independent Auditor's Report (continued)

To the shareholders of
Osool and Bakheet Investment company
(A Saudi joint stock company)
Riyadh – Kingdom of Saudi Arabia

Responsibilities of Management and those Charged with Governance for the Financial Statements
Management is responsible for the preparation and fair presentation of the financial statements in accordance with International Financial Reporting Standards that are endorsed in the Kingdom of Saudi Arabia and other standards and pronouncements issued by SOCPA and Regulations for Companies and the Company's Bylaws and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

Those charged with governance, i.e. Board of Directors, are responsible for overseeing the financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Statements
Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with International Standards on Auditing that are endorsed in the Kingdom of Saudi Arabia will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with International Standards on Auditing that are endorsed in the Kingdom of Saudi Arabia, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than the one resulting from error, as fraud may involve collusion, forgery, intentional omission, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

Independent Auditor's Report (continued)

To the shareholders of
Osool and Bakheet Investment company
(A Saudi joint stock company)
Riyadh – Kingdom of Saudi Arabia

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

- Conclude on the appropriateness of management’s use of the going concern basis of accounting and, based on the audit evidenced obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company’s ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor’s report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor’s report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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

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

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

Report on Regulatory and Other Compliance Requirements:

In accordance with Article 20 of the Companies Law, auditors are mandated to include in their report any breaches of the Companies Law or the company's constitutional documents that they have become aware of. During our ongoing audit of the company's financial statements, we have identified certain non-compliance issues with provisions of the Companies Law. Although these issues do not have a material impact on the financial statements, they are as follows:

The company hasn’t yet completed the regulatory procedure relating to updating the commercial registration and the company's constitutional documents regarding the increase in share capital and the legal form of the company as of the date of preparation of the financial statements.

RSM Allied Accountants Professional Services

Mohammed Bin Farhan Bin Nader
License No. 435
Riyadh, Kingdom of Saudi Arabia
21 Ramadan 1445 H (December 31, 2024)

OSOOL AND BAKHEET INVESTMENT COMPANY
(A Saudi joint stock company)

STATEMENT OF FINACIAL POSITION
AS AT 31 DECEMBER 2023
(Saudi Riyals)

	Note	2023	2022
Assets			
Current assets			
Cash and cash equivalents	5	**75,801,833**	19,879,865
Financial investments at fair value through profit or loss	6-A	**52,669,299**	48,324,454
Accounts receivable	7	**2,435,350**	6,535,406
Due from related parties	8	**6,064,939**	16,948,516
Prepaid expenses and other assets	9	**3,941,652**	2,724,018
Loans to customers	10	**1,000**	2,974,541
Total current assets		**140,914,073**	97,386,800
Non-current assets			
Financial investments at fair value through profit or loss	6-B	**76,775,840**	25,273,412
Financial investment at fair value through other comprehensive income	11	**140,358**	111,272
Property and equipment	12	**308,573**	429,221
Intangible assets	13	**1,020,199**	1,128,103
Right of use assets	14	**1,843,098**	917,315
Total non-current assets		**80,088,068**	27,859,323
Total assets		**221,002,141**	125,246,123
Liabilities and equity			
Current liabilities			
Short term loans	15	-	6,000,000
Accruals and other liabilities	16	**8,615,885**	1,790,871
Due to related parties	8	**287,000**	296,906
Lease liabilities, current portion	14	**756,963**	450,407
Zakat provision	17	**4,092,619**	3,982,786
Total current liabilities		**13,752,467**	12,520,970
Non-current liabilities			
Lease liabilities, non-current portion	14	**1,016,339**	307,708
End of service indemnities	18	**6,127,616**	4,721,193
Total non-current liabilities		**7,143,955**	5,028,901
Total liabilities		**20,896,422**	17,549,871
Equity			
Share capital	1	**81,000,000**	60,000,000
Statutory reserve	19	**10,131,256**	7,581,545
Share Premium	20	**52,500,000**	-
Treasury shares	21	**(6,000,000)**	-
Fair value reserve on investments	11	**15,617**	(13,469)
Retained earnings		**62,458,846**	40,128,176
Total equity		**200,105,719**	107,696,252
Total equity and liabilities		**221,002,141**	125,246,123

Finance manager Chief Executive officer Chairman

The accompanying notes from (1) to (31) form an integral part of these financial statements

OSOOL AND BAKHEET INVESTMENT COMPANY
(A Saudi joint stock company)

STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31 DECEMBER 2023
(Saudi Riyals)

	Note	2023	2022
Profit or loss			
Revenues			
Portfolio management fees		**3,023,558**	5,413,570
Fund management fees		**8,474,990**	7,401,736
Custody and operation management fees		**1,310,224**	1,224,903
Brokerage revenue, net		**493,930**	728,096
Underwriting management fees		**564,476**	196,400
Revenue from murabaha loans		**671,741**	376,314
Unrealized gain or loss from investments at fair value through profit or loss	6-B	**45,465,764**	7,763,446
Dividends from investments at fair value through profit or loss	6-A,b	**363,452**	2,592,639
Gain from sale of investments at fair value through profit or loss	6-A,c	**9,550**	1,479,813
Transaction fees		**-**	1,027,904
Total Revenue		**60,377,685**	28,204,821
Depreciation and amortization	14 ، 13 ، 12	**(1,477,113)**	(1,859,140)
Provision for expected credit loss	7	**(4,795,948)**	-
General and administrative expenses	22	**(27,053,217)**	(16,368,022)
Net profit from main operations		**27,051,407**	9,977,659
Finance cost	23	**(790,027)**	(168,658)
Other income	24	**1,683,197**	2,773,330
Net profit for the period before zakat		**27,944,577**	12,582,331
Zakat	17	**(2,447,465)**	(2,337,631)
Net profit for the year		**25,497,112**	10,244,700
Other comprehensive income			
Item not reclassified later to the profit or loss statement			
Net change in fair value reserve on investments	11	**29,086**	(10,730)
Losses from remeasuring obligations of defined benefit employee plans	18	**(616,731)**	(263,020)
Total other comprehensive income (comprehensive loss) for the year		**(587,645)**	(273,750)
Total comprehensive income for the year		**24,909,467**	9,970,950
Earnings per share			
Earnings per share from net profit from main operations	25	**4.34**	1,66
Earnings per share from net profit for the year	25	**4.10**	1,71

Finance manager   Chief Executive officer   Chairman

The accompanying notes from (1) to (31) form an integral part of these financial statements

OSOOL AND BAKHT INVESTMENT COMPANY
(A Saudi joint stock company)

STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 DECEMBER 2023
(Saudi Riyals)

	Note	Share capital	Statutory reserve	Share Premium	Treasury Shares	Fair value reserve on investment	Retained earnings	Total
Balance as at 1 January 2022		60,000,000	6,557,075	-	-	(2,739)	31,170,966	97,725,302
Net profit for the year		-	-	-	-	-	10,244,700	10,244,700
Other comprehensive loss		-	-	-	-	(10,730)	(263,020)	(273,750)
Transferred to Statutory Reserve		-	1,024,470	-	-	-	(1,024,470)	-
Balance as at 31 December 2022		60,000,000	7,581,545	-	-	(13,469)	40,128,176	107,696,252
Increase in share capital	1	**21,000,000**	**-**	**-**	-	**-**	**-**	**21,000,000**
Share issuance		**-**	**-**	**52,500,000**	**-**	**-**	**-**	**52,500,000**
Net profit for the year		**-**	**-**	**-**	**-**	**-**	**25,497,112**	**25,497,112**
Other comprehensive loss		**-**	**-**	**-**	**-**	**29,086**	**(616,731)**	**(587,645)**
Treasury shares Settlement	21	**-**	**-**	**-**	**(6,000,000)**	**-**	**-**	**(6,000,000)**
Transferred to Statutory Reserve		**-**	**2,549,711**	**-**	-	**-**	**(2,549,711)**	**-**
Balance as at 31 December 2023		**81,000,000**	**10,131,256**	**52,500,000**	**(6,000,000)**	**15,617**	**62,458,846**	**200,105,719**

Finance manager   Chief Executive officer   Chairman

The accompanying notes from (1) to (31) form an integral part of these financial statements

OSOOL AND BAKHEET INVESTMENT COMPANY
(A Saudi joint stock company)

STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 31 DECEMBER 2023
(Saudi Riyals)

	2023	2022
Cash flows from operating activities		
Profit for the year before Zakat	**27,944,577**	12,582,331
Adjustments to reconcile net income to net cash from operating activities:		
Depreciation of property and equipment	**246,729**	358,045
Amortization of intangible assets	**477,538**	619,867
Gains on sale of property and equipment	**(10,835)**	-
Depreciation of right of use assets	**752,846**	881,228
Loss on lease termination	**36,834**	-
Realized gain from sale of financial investments at fair value through profit or loss	**(9,550)**	(1,479,813)
Unrealized gain from financial investments at fair value through profit or loss	**(45,465,764)**	(7,763,446)
Dividends from investments at fair value through profit or loss	**(363,452)**	(2,592,639)
Murabaha income	**1,051,468**	51,000
Finance cost	**790,027**	168,658
Provision for expected credit losses	**4,795,948**	-
Reversal of expected credit loss provision on related parties	**(403,593)**	-
Provision for employee's defined benefit obligations	**551,784**	492,413
Cash flows after adjusting for non-cash items	**(9,605,443)**	3,317,644
Changes in working capital		
Accounts receivable	**(695,892)**	(5,509,700)
Customer loans	**2,973,541**	357,858
Due From related parties	**5,287,170**	(9,260,595)
Prepaid expenses and other assets	**(1,217,634)**	(1,059,490)
Accrued expenses and other liabilities	**6,825,014**	(6,374,929)
Defined employees benefit plan obligations paid	**(18,258)**	(103,372)
Due to related parties	**(9,906)**	18,906
Zakat paid	**(2,337,632)**	(1,844,103)
Net cash generated / (used) operating activities	**1,200,960**	(20,457,781)
Cash flows from investing activities		
Purchase of financial investments at fair value through profit or loss	**(5,319,590)**	(26,136,800)
Additions to property and equipment	**(126,081)**	(105,868)
Additions to intangible assets	**(333,436)**	(284,197)
Proceeds from the sale of property and equipment	**10,835**	-
Proceeds from the sale of financial investments at fair value through profit or loss	**947,631**	25,185,074
Dividends received from financial investments at fair value through profit or loss	**363,452**	2,592,639
Proceeds from murabaha income	**(1,051,468)**	(51,000)
Proceeds from the sale of investments properties	**-**	27,000,000
Net cash (used) / generated by investing activities	**(5,508,657)**	28,199,848
Cash flows from financing activities		
Increase in share capital	**21,000,000**	**-**
Share premium	**52,500,000**	**-**
Purchase of treasury shares	**(6,000,000)**	**-**
Lease liabilities paid	**(700,276)**	(957,798)
Finance cost paid	**(570,059)**	(74,275)
Addition to short term loans	**85,000,000**	6,000,000
Short term loans paid	**(91,000,000)**	-
Net cash generated financing activities	**60,229,665**	4,967,927
Net change in cash and cash equivalent	**55,921,968**	12,709,994
Cash and cash equivalent at the beginning of the year	**19,879,865**	7,169,871
Cash and cash equivalent at the ending of the year	**75,801,833**	19,879,865

OSOOL AND BAKHEET INVESTMENT COMPANY
(A Saudi joint stock company)

STATEMENT OF CASH FLOWS (continued)
FOR THE YEAR ENDED 31 DECEMBER 2023
(Saudi Riyals)

	2023	2022
Non-cash transactions		
Cost charged to the cost of intangible assets from obligations of employee benefits	**36,198**	30,644
Additions to right to use assets and lease liabilities	**2,112,527**	610,497
Transferred from related parties to investments at fair value through profit or loss	**6,000,000**	-

Finance manager Chief Executive officer Chairman

The accompanying notes from (1) to (31) form an integral part of these financial statements

1 - Organization and Activities

A- Osool and Bakheet Investment Company ("Company") is A Saudi Joint Stock Company registered in Riyadh under the Commercial Register No. 1010219805 on 2 Jumada Al-awwal 1427 H (corresponding to May 28, 2006).
The Company's main activity is dealing in securities, custody of securities, management of investments, operation of funds, and management of investments, in accordance with the approval of the Capital Market Authority No. (07/08126) dated 23 Muharram 1435 H.

B- Change in Capital

- The Company's capital is set at 60,000,000 SAR with 6,000,000 equal-value nominal shares, with a par value of SR 10 for each, all of which are ordinary cash shares.
- According to the Decision of the Extraordinary General Assembly dated 4 Jumada al-Awwal 1444H (corresponding to November 28, 2022), it was approved to increase the company's capital by an amount of 21,000,000 Saudi Riyals through the issuance of 2,100,000 new ordinary shares with a nominal value of 10 Saudi Riyals per share. Out of these shares, 1,500,000 ordinary shares were offered to new investors, representing 18.52% of the company's shares after the offering. The remaining 600,000 new ordinary shares were allocated to the Employee Incentive Program's portfolio "Treasury Shares," representing 7.407%. This issuance was carried out in accordance with the rules of securities offering, ongoing obligations issued by the regulatory authority, and listing rules issued by the Saudi Stock Exchange.
- On 3 Dhu al-Hijjah 1444H (corresponding to June 21, 2023), a resolution was issued by the Board of the Capital Market Authority approving the registration and offering of 1,500,000 shares representing (18.519%) of the company's shares in the parallel market. The Saudi Stock Exchange announced the listing and commencement of trading of the company's shares in the Parallel Market starting from 23 Rabi' al-Awwal 1445H (corresponding to November 7, 2023), and they were registered under number 9586 in the Saudi Stock Exchange.
- The authorized capital of the company is defined at an amount of 81,000,000 Saudi Riyals, consisting of 8,100,000 equal par value shares, with each share valued at 10 Saudi Riyals. All of these shares are ordinary cash shares. The regulatory procedures related to this matter are currently being finalized, particularly regarding updating the company's articles of association and commercial registry.

C- The Company's headquarters is located at the following address:
Osool and Bakheet Investment Company
King Fahad street, AL Bahrein tower
P.O 63762, Riyadh
Kingdom of Saudi Arabia.

2 - Basis of preparation

Statement of compliance

These financial statements prepared in accordance with International Financial Reporting Standards (“IFRSs”) that are endorsed in KSA and other standards and pronouncements that are endorsed by Saudi Organization for Chartered and Professional Accountants (“SOCPA”).

Basis of measurement

These financial statements have been prepared on the basis of the historical cost principle, except when the International Financial Reporting Standards require the use of another measurement basis, as indicated in the accounting policies applied in Note No. (3) “Material accounting policy Information”. Furthermore, these financial statements have been prepared using the accrual basis of accounting and going concern basis.

Accounting records

The company maintains regular accounting records on the computer and in Arabic language.

Functional and presentation currency

These financial statements are presented in Saudi Arabian Riyals which is the functional currency of the company and are rounded to nearest saudi riyal.

3 - Material accounting policy information

The company has consistently applied the following accounting policies to all periods presented in these financial statements unless otherwise stated. Additionally, the company adopted the disclosure of accounting policies (amendments to International Accounting Standard 1 and International Financial Reporting Standard Practice Statement 2) effective 01 January 2023. The amendments require disclosure of "essential" accounting policies instead of "significant" accounting policies. Although the amendments did not result in any changes to the accounting policy itself, they impacted the information of the accounting policy disclosed in some instances.

A- New Standards, Amendments to Standards, and Interpretations:

The company adopted the following new standards and amendments for the first time, effective 01 January 2023:

- **Amendment to International Accounting Standard 8**
  These amendments aim to enhance disclosures of accounting policies and assist financial statement users in distinguishing between changes in accounting estimates and changes in accounting policies.

- **Amendment to International Accounting Standard 12 – Deferred Tax related to Assets and Liabilities Arising from a Single Transaction**
  These amendments require companies to recognize deferred tax on transactions that result in equal amounts of taxable and deductible temporary differences when initially recognized.

B- Unapplied Issued Standards

The following is a statement of new standards and amendments to standards applicable to years beginning on or after 01 January 2024, with early adoption permitted but not applied by the company in preparing these financial statements. It is not expected that these amendments will have a material impact on the company's financial statements:

- **Amendments to International Financial Reporting Standard 16 – Lease Liabilities in Sale and Leaseback Transactions:**
  These amendments include requirements for sale and leaseback transactions in accordance with International Financial Reporting Standard 16 to clarify the company's accounting for sale and leaseback transactions after the transaction date. Sale and leaseback transactions in which some or all lease payments are considered variable lease payments are likely to be affected.

- **Amendments to International Accounting Standard 1 – Non-Current Liabilities with Covenants and Classification of Liabilities as Current or Non-Current:**
  These amendments explain how compliance with conditions that the company must comply with during the twelve months after the reporting period affects the classification of liabilities. These amendments also aim to improve the information provided by the company regarding liabilities subject to these conditions.

- **Amendments to International Accounting Standard 7 and International Financial Reporting Standard 7 – Supplier Finance Arrangements**

- **Amendments to International Accounting Standard 27 – Impossible Conversion**
  The following are the new International Financial Reporting Standards for sustainability disclosure applicable to annual periods beginning on 01 January 2024, or thereafter, subject to the approval of the Saudi Organization for Chartered and Professional Accountants.

- **International Financial Reporting Standard (Sustainability 1) "General Requirements for Disclosure of Financial Information related to Sustainability"**
  This standard includes the basic framework for disclosing essential information about sustainability-related risks and opportunities across the entity's value chain.

- **International Financial Reporting Standard (Sustainability 2) "Climate-related Disclosures"**
  This is the first issued objective standard that specifies entities' requirements to disclose information about climate-related risks and opportunities.
  The company's assessment of the impact and implementation procedures is ongoing and subject to the approval of the relevant authorities for auditors and accountants.

3- Material accounting policy information (continued)

C- Summary of Material Accounting Policies:

Classification of current and non-current

The company classifies assets and liabilities in its financial statements as current/non-current. Assets are considered current when:

- They are expected to be realized, sold, or consumed during the normal operating cycle,
- Acquired primarily for trading purposes,
- Expected to be realized within twelve months after the end of the financial year, or
- Cash and cash equivalents unless there are restrictions on their use or they are earmarked for settling obligations for at least twelve months after the end of the financial year.

All other assets are classified as non-current assets.

All liabilities are considered current when:

- They are expected to be settled within the normal operating cycle,
- Acquired primarily for trading purposes,
- Due for settlement within twelve months after the end of the financial year, or
- There is no unconditional right to defer settlement for at least twelve months after the end of the financial year.

All other Liabilities are classified as non-current Liabilities.

Cash and Cash Equivalents

Cash and cash equivalents consist of cash on hand, balances with banks, and short-term murabaha deposits that are due within three months or less from the date of deposit and are subject to insignificant risk of changes in value.

Fair Value Measurement

The company measures financial instruments at fair value as of the date of each financial statement.

The fair value is the price that would be received upon selling an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. Fair value measurement assumes that the transaction to sell the asset or transfer the liability will occur either:

- In the Main market for the asset or liability, or
- In the absence of a Main market, in the most advantageous market for the asset or liability.

The Main market or the most advantageous market must be accessible to the company.

The fair value of assets or liabilities is measured assuming that market participants would benefit when pricing these assets and liabilities and that they seek to maximize their economic interests.

The company uses appropriate valuation methods considering the circumstances, and sufficient data is available to measure fair value. It increases the use of observable inputs and decreases the use of unobservable inputs.

All assets and liabilities measured at fair value or disclosed in the financial statements are classified within the fair value hierarchy levels as follows, based on the significant inputs used to measure fair value:

Level 1: Quoted prices in active markets for identical assets or liabilities.
Level 2: Valuation techniques that utilize significant observable inputs directly or indirectly.
Level 3: Valuation techniques that utilize significant unobservable inputs.

For assets and liabilities measured at fair value on a recurring basis, the company reassesses whether transfers between hierarchy levels have occurred by reevaluating the classification (based on significant inputs used to measure fair value as a whole) at the end of each reporting period.

For disclosure purposes, the company has identified categories of assets and liabilities based on the nature, characteristics, and risks of the assets and liabilities and the fair value hierarchy levels.

3- Material accounting policy information (Continued)

C- Summary of Material Accounting Policies (Continued)

Financial Instruments

Recognition and derecognition

Assets and liabilities are recognized when the company becomes a party to the contractual provisions of the financial instrument.

Financial assets are derecognized when the contractual rights to cash flows from the financial asset expire, or when the financial asset is transferred along with substantially all of the risks and rewards of ownership.

Recognition of a financial liability is derecognized when it is extinguished, discharged, cancelled, or expired.

Financial assets and liabilities are recognized when the company becomes a party to the contractual provisions of the financial instrument.

Recognition of financial assets ceases when contractual rights to receive cash flows from the financial asset expire, or when the financial asset is transferred along with all its risks and rewards substantially.

The initial recognition and classification of financial assets

All financial assets are initially measured at fair value adjusted for transaction costs, if any.

Financial assets, excluding those designated and effective as hedging instruments, are classified into the following categories:

- Amortized Cost.
- Fair Value through Profit or Loss.
- Fair Value through Other Comprehensive Income.

The classification category is determined by both:

- The company's business model in managing financial assets.
- The contractual cash flow characteristics of the financial assets.

All revenues and expenses related to financial assets recognized in profit or loss are presented within finance costs or finance income or other financial items.

Subsequent measurement of financial assets.

Financial assets at amortized cost

Financial assets are measured at amortized cost if the following conditions are met (and not designated as fair value through profit or loss):

- They are held within a business model with the objective of both collecting contractual cash flows and managing financial assets.
- The contractual terms of the financial asset give rise, on specified dates, to cash flows that are solely payments of principal and interest on the principal amount outstanding.

This category includes non-derivative financial assets such as loans and receivables with fixed or determinable payments that are not quoted in an active market. After initial recognition, they are measured at amortized cost using the effective interest rate method. The discount is derecognized when its effect is not significant. Included in this category of financial instruments are balances with banks and creditors falling within this category of financial assets.

Financial assets at fair value through profit or loss

Financial assets that are held within a different business model other than “hold for collection” or “hold for collection and sale” and financial assets whose contractual cash flows are not limited to principal payments and accrued interest are measured at FVTPL.

The fair value of financial assets in this category is determined by reference to an active market transaction or by using a valuation technique when there is no active market.

Financial assets at fair value through other comprehensive income

The company calculates financial assets at fair value through other comprehensive income if the assets fulfill the following conditions:

- It is held within a business model that aims to conserve in order to collect and sell associated cash flows.
- That the contractual terms of the financial assets result in cash flows limited to payments of principal and interest due on the amount of principal non-outstanding debt.

Gains or losses recognized in other comprehensive income will be transferred when the asset is derecognized.

3 - Material accounting policy information (Continued)

c- Summary of Material Accounting Policies (Continued)

Financial Instruments (Continued):

Impairment of financial assets

The impairment requirements of IFRS 9 use more forward-looking information to recognize the Expected Credit Loss (ECL) model.
Recognition of credit losses no longer depends on the company’s initial determination of a credit loss event. Instead, the company considers more extent for the range of information when assessing credit risk and measuring expected credit losses, including past events, current conditions, and reasonable and supportive forecasts that affect the expected collectability of the future cash flows of the instrument.

When applying this prospective approach, a distinction is made between:

•Financial instruments are not subject to a significant credit quality deterioration since initial recognition, or that have low credit risk (level 1).
•Financial instruments whose credit quality has significantly decreased since initial recognition and whose credit risk is not low (level 2).
Level 3 covers financial assets that have objective evidence of impairment at the reporting date. However, none of the company's assets fall into this category.
“12 months of expected credit losses” are recognized for the first category while “lifetime ECLs” are recognized for the second category.
The ECL is determined by estimating the likely probability of credit losses over the expected life of the financial instrument.
The Company recognizes a 12-month expected credit loss for financial assets at FVOCI (if any). Since most of these instruments have good credit rating, the probability of their neutrality is low. However, at each reporting date, the Company evaluates whether there has been a significant increase in the credit risk of the instrument.
The Company recognizes a 12-month expected credit loss for financial assets at FVOCI (if any). Since most of these instruments have good credit rating, the probability of their neutrality is low. However, at each reporting date, the company evaluates whether there has been a significant increase in the credit risk of the instrument.

Disposal of financial assets

The Company disposes of the financial assets only when the contractual rights to cash flows from the assets expire or it transfers the financial assets and the risks and rewards of ownership to another party. If the company does not transfer or retain substantially all the risks and rewards of ownership of the assets, then the company continues to recognize its share in the assets and liabilities associated with the financial assets to the amounts that it may have to pay.

Accounts receivable

Accounts receivable are amounts due from customers for products sold in the ordinary course of business. Accounts receivable are initially recognized at fair value and subsequently measured at amortized cost using the effective interest method, less provision for expected credit loss in value, which is recognized in statement of profit or loss.

Expected credit loss

The Company uses a model to estimate expected credit losses over the lifetime for financial instruments that have not had their credit value adjusted or have experienced a decrease in credit value based on changes in credit risks associated with the financial instrument. The Company applies a simplified model using a dedicated matrix to measure expected credit losses for outstanding balances. To measure expected credit losses, outstanding balances are aggregated based on common credit risk characteristics and the periods in which they are due. Historical loss rates are adjusted to reflect current and future information based on indicators of overall economic activity that affect the settlement of outstanding balances.

3- Material accounting policy information (Continued)

C-Summary of Material Accounting Policies (Continued)

Related parties

The related party is an individual or entity that has a relationship with the company. An individual is considered related if they have control or significant influence over the company or if they are a member of the key management personnel. An entity is considered related if it and the company are members of the same group, such as a parent company, subsidiary, fellow subsidiary, or entities engaged in a joint venture, or if both entities are joint ventures with a third party.

The transaction with related parties involves the transfer of resources, services, or obligations between the group and the related party, regardless of whether a price is charged. Key management personnel are individuals with authority and responsibility for planning and directing the activities of the group, and they have direct or indirect control over the group's operating activities, including the manager.

Loans to customers

Loans to customers are non-derivative financial assets with fixed or determinable payments that the company originates or acquires. Loans are recognized when cash is advanced to borrowers and derecognized when borrowers settle their obligations or when these loans are sold, written off, or when all risks and rewards of ownership are transferred. Initially, all loan transactions are recognized at fair value and subsequently measured at amortized cost. The funds provided to customers are invested in the funds and investment portfolios managed by the company.

Financial Liabilities

Financial liabilities are classified either at amortized cost or at fair value through profit or loss.

All financial liabilities of the company have been classified and measured at amortized cost using the effective interest method. The company does not have any financial liabilities at fair value through profit or loss.

Property and equipment

Property and equipment are stated at cost less any accumulated depreciation and any impairment losses. The cost includes expenses directly attributable to the acquisition of property and equipment. When parts of a property and equipment item have different useful life, they are computed as a separate item (main component) of property and equipment. Repair and maintenance expenses are considered as revenue expenses, while improvement expenses are considered capital expenditures. The depreciation is calculated on the basis of its estimated useful life using the straight-line method. The sold or disposed asset and its accumulated depreciation are removed from the accounting records at the date of sale or disposal.

The estimated useful life for the main items of these property and equipment is as follows:

Description	**Useful life**
Equipment	15%
Furniture and fixtures	20%
Vehicles	25%
Computers	33%
Telecommunications and others	25%

<u>The annual review of depreciation values and useful lives</u>

The book value of an asset is the estimated current amount that the company can obtain upon disposal of the asset, after deducting the estimated disposal costs, if the asset has already reached the expected age and condition at the end of its useful life.

The useful life and depreciation method are reviewed periodically to ensure that the depreciation method and useful life are in line with the expected economic benefits from property and equipment.

3- Material accounting policy information (Continued)

C-Summary of Material Accounting Policies (Continued)

Impairment of non-current assets

The Company, on the date of preparing the initial summarized financial statements, evaluates whether there are any indicators of a decrease in the value of assets. In the presence of any such indicators or when an annual impairment test is needed, the company estimates the recoverable amount of the assets. The recoverable amount is represented by the fair value of the assets or the cash-generating unit, less the selling cost or the value in use for the assets, whichever is higher. It is determined for individual assets if the assets generate significant cash flows independently of the cash flows generated by other assets or groups of assets. When the carrying amount of the assets or cash-generating unit exceeds the recoverable amount, the value of the assets must be reduced to the recoverable amount.

When estimating the present value, the estimated future cash flows are discounted to their present value using the post-Zakat discount rate, which reflects the current market estimates of the time value of money and the risks associated with the assets.

Impairment losses for continuing operations, including the impairment of goodwill if applicable, are recognized in the primary summary profit or loss statement, within expenses and in line with the function of the assets that have suffered impairment.

Regarding non-goodwill assets, at the date of each summary initial financial statements, the company conducts an assessment to ensure that there is evidence that previously recognized impairment losses no longer exist or have decreased. If such evidence exists, the company estimates the recoverable amount for the assets or cash-generating unit. The reversal of a previously recognized impairment loss is made only if there has been a change in the assumptions used to determine the recoverable amount since the last impairment loss was recognized.

The reversal of the impairment loss is recognized in the primary summary profit or loss statement

In the case of reversing impairment losses for non-financial assets other than goodwill, the carrying amount of the assets (or the related group of assets) is increased to the revised estimate of the recoverable amount, but not exceeding the amount that would have been determined if no impairment loss had been recognized for the assets (or the related group of assets) in prior years. The reversal of the impairment loss is directly recognized in the primary summary profit or loss statement.

Intangible assets

Intangible assets acquired separately are recognized at cost. The cost of intangible assets acquired in a business combination is the fair value at the date of acquisition.

After initial recognition, intangible assets are stated at cost less any accumulated amortization and any accumulated impairment losses, if any. Intangible assets produced internally, with the exception of development costs, are not capitalized, and expenses are recognized in statement of profit or loss when incurred.

The useful lives of intangible assets are estimated to be either finite or indefinite.

Intangible assets with finite useful lives

The amortization period and the amortization method for intangible assets with finite useful lives are reviewed at the end of each financial period. Changes in the expected useful life or the expected method of amortization of future economic benefits for the intangible assets are accounted for by changing the amortization period or method, as appropriate, and treated as changes in accounting estimates. The amortization expense for intangible assets with finite useful lives is recognized in statement of profit or loss in the expense category consistent with the function of the intangible assets.

Intangible assets with finite useful lives are amortized using the straight-line method over their estimated useful lives as follows:

Description	Useful age
Financial analysis and asset management software	5 years

3- Material accounting policy information (Continued)

C-Summary of Material Accounting Policies (Continued)

Right of use assets and leases liabilities

The Company has recognized new assets and liabilities for its operating leases for various types of contracts including office lands and leases. Each rental payment is apportioned between the liability and the finance cost. The finance cost is charged to the statement of profit or loss over the lease term so that a constant periodic rate of interest is achieved on the remaining balance of the liability for each period. The right to use the asset is amortized over the useful life of the asset or the lease term, whichever is shorter, on a straight-line basis.

Right of use assets is initially recognized as follows:

- The initial measurement amount of the lease obligation that is the present value of future lease payments;
- Any lease payments made on or before the starting date of the lease contract minus any lease incentives received;
- Any initial direct costs incurred by the Company as a lessee;
- An estimate of the costs that the Company will incur as a lessee to dismantle and remove the assets, and return the site where the asset is located to the original state.

The right-of-use asset is subsequently measured at cost less any accumulated depreciation and any accumulated impairment losses adjusted for any re-measurement of the lease obligation.

The Company depreciates the right-of-use asset over the estimated term of the lease on a straight-line basis.

The **lease liability** is subsequently measured as follows:

- Increasing the carrying amount to reflect the interest on the lease obligation;
- Reducing the carrying amount to reflect rental payments;
- Re-measure the carrying amount to reflect any revaluation or amendments to the lease agreement.

In accordance with International Financial Reporting Standard No.-16 (IFRS-16), “right-to-use assets” are tested for impairment in accordance with International Accounting Standard No. 36 “Impairment of Assets”.

Lease term

The Company defines the lease term as the irrevocable period in the lease agreement along with:

- the periods covered by the option to extend the lease contract if the Company is reasonably certain that it will exercise that option;
- The periods covered by the option to terminate the lease agreement if the Company is reasonably certain that it will not exercise this option.

With regard to short-term leases (lease term of 12 months or less) and low-value contracts, the Company recognized the rental expense on a straight-line basis as permitted in IFRS 16, which is the same method that was accounted for in accordance with the International Accounting Standard No 17 (IAS-17) “Lease Contracts”

3- Material accounting policy information (Continued)

C-Summary of Material Accounting Policies (Continued)

Right of use assets and leases liabilities (Continued)

Lease contracts

Company as a leasee

The company recognizes right of use asset and lease obligation as of the lease contract commencement date. Initially, the right of use asset is measured at cost, which includes the initial amount of the modified lease obligation for any lease payments made on or before the commencement date. Subsequently, the depreciation of the right of use asset is recognized using the straight-line method from the lease contract commencement date to the end of the useful life of the right of use asset or the end of the lease term, whichever is earlier. The estimated useful lives of the right of use asset are determined on the same basis used for property and equipment. In addition, the right of use asset is periodically reduced by impairment losses, if any.

The lease obligation is initially measured at the present value of the lease payments that are not yet paid as of the lease contract commencement date. These payments are discounted using the implicit interest rate in the lease contract. If determining this rate reliably is difficult, the company uses the incremental borrowing rate.

Short-term and Low-value lease contracts

The company has chosen not to recognize the right of use asset and lease liabilities for short-term lease agreements with a duration of 12 months or less, as well as low-value lease agreements. Instead, these are classified as operating lease contracts. The company recognizes the lease payments associated with these agreements as expenses in the profit and loss statement on a straight-line basis over the lease term.

Lease contracts where the company does not transfer all the risks and rewards of ownership of the underlying assets are classified as operating leases. The initial direct costs incurred in negotiating and preparing the operating lease agreement are added to the carrying amount of the leased asset and recognized over the lease term on the same basis as the recognition of lease income. Contingent rents are recognized as other income in the period in which they are earned.

Loans

Loans are initially recognized at fair value, net of transaction costs incurred, and subsequently measured at amortized cost. Any difference between the proceeds (net of transaction costs) and the redemption value is recognized in the income statement over the period of the loans using the effective interest rate method. Fees paid on loan facilities are recognized as transaction costs of the loan to the extent that it is probable that some or all of the facility will be drawn down. In such cases, these fees are deferred until the facility is drawn down. When there is no evidence that it is probable that some or all of the facility will be drawn down, the fees are capitalized as prepaid expenses for liquidity services and amortized over the period of the related facility.

Loans are settled from the initial summarized financial statements when the specified commitment in the contract expires, is fulfilled, or is canceled. The difference between the carrying amount of the financial liability that has been settled or transferred to another party and the consideration paid, including non-cash assets transferred or liabilities assumed, is recognized in the income statement and other comprehensive income in the initial summarized financial statements as other income or finance costs.

Borrowing Cost

The capitalization of borrowing costs directly attributable to the acquisition, construction, or production of a qualifying asset involves treating these borrowing costs as part of the cost of that asset. Qualifying assets are those that necessarily require a substantial period of time to get ready for their intended use. Other borrowing costs are expensed in the profit and loss statement in the period incurred.

3- Material accounting policy information (Continued)

C-Summary of Material Accounting Policies (Continued)

Employees' benefits

- *End of service benefits*

The end of service benefits provision is determined using the projected unit credit method, actuarial valuations being carried out at the end of annual reporting period. Remeasurements, comprising actuarial gains and losses, are recorded in statement of financial position with charge of expenses and credit amounts in statement of other comprehensive income in the period in which they occur. Remeasurements recognized in statement of other comprehensive income are recorded immediately in retained earnings and will not be reclassified to statement of profit or loss.

- *Retirement benefits*

The company pays retirement contributions for its Saudi Arabian employees to the General Organization for Social Insurance. This represents a defined contribution plan. The payments made are expensed as incurred.

- *Short-term employees' benefits*

A liability is recognized for benefits accruing to employees in respect of wages and salaries, annual leave and sick leave in the period the related service is rendered at the undiscounted amount of the benefits expected to be paid in exchange for that service.

Provisions

Provisions must be recognized when the company has a present obligation (legal or implicit) as a result of a past event, and it is probable that it will require an outflow of resources with economic benefits to settle this obligation, and that an estimate of the amount of the obligation can be made in a reliable manner. When a recovery is expected (by a third party) for some or all of the expenditure required to settle a provision. through an insurance contract), The recovered amount is recognized only when it is certain that the recovered amount will be received if the entity settles the obligation, and this recovered amount is recognized as a separate asset. The expense relating to the provision is presented in statement of profit or loss, net of the amount recovered.

Zakat provision

Estimated zakat is an obligation on the company and it is recorded in financial statements by charging it to statement of profit or loss in accordance with the standard of zakat and the opinion issued by the Saudi Organization for Auditors and Accountants, where it is calculated for the year in estimation according to the accrual basis.

Zakat is computed at the end of the year on the basis of the adjusted net income or the Zakat base, whichever is greater, according to the regulations of Zakat, Tax, and Customs Authority in the Kingdom of Saudi Arabia.

Differences between the provision and the final assessment are recorded in the year in which the assessment is received.

Value added tax

Value-added tax has been applied in the Kingdom of Saudi Arabia, starting from 01 January 2018 (14 Rabi` al-Thani 1439 AH). It is a tax on the supply of goods and services that the final consumer ultimately bears but is collected at every stage of the production and distribution chain as a general principle, therefore; the value-added tax treatment in the Company's accounts must reflect its role as a tax collector, and VAT should not be included in income or expenditures, whether of a capital or revenue nature. However, there will be circumstances in which the Company will bear VAT, and in such cases where the VAT is not refundable, it must be included in the cost of the product or service.

Withholding tax

The Company collects taxes on transactions with non-resident parties in the Kingdom of Saudi Arabia and on dividends paid to non-resident shareholders in accordance with the regulations of the Zakat, Tax, and Customs Authority in the Kingdom of Saudi Arabia.

3- Material accounting policy information (Continued)

C-Summary of Material Accounting Policies (Continued)

Revenue recognition

The Company recognizes revenue under IFRS 15 using the following five-step model:

1- Identify the contract with the customer: A contract is defined as an agreement between two or more parties that creates enforceable rights or obligations and defines the criteria that must be met.

2- Identify the performance obligations in the contract: A performance obligation is a promise with a customer to transfer a good or provide a service.

3- Determine the transaction price: the transaction price is the amount of consideration that the Company expects to receive in return for transferring the promised goods or services to the customer, excluding the amounts collected on behalf of third parties.

4- Allocate the transaction price to the performance in the contract: for a contract that contains more than one performance obligation, the Company allocates the transaction price to each performance obligation in an amount that determines the amount of consideration that the Company takes, specifying the amount of consideration that the Company expects to receive in exchange for fulfillment with all commitment.

5- Recognize revenue when or as the entity satisfies the performance obligation.

Identify contracts with the client

The Company evaluates the terms and conditions of contracts with its customers because revenue is only recognized when performance obligations in contracts with customers are met. A change in the scope or price (or both) of a contract shall be considered as a modification of the contract and the Company should determine whether such change should be considered as a new contract or should be considered as part of the existing contract.

Identify performance obligations

Once the Company has identified a contract with a customer, it evaluates the contractual terms and customary business practices to determine all of the agreed services under the contract and which of those agreed services (or a group of agreed services) to be treated as separate performance obligations.

Determine the transaction price

The Company sets the transaction price as the amount it expects to receive. It includes an estimate of any variable consideration, the effect of the time value of money, the fair value of any non-monetary consideration, and the effect (if any) of any consideration paid or due to a customer. Variable consideration is limited to the amount for which there is a high probability that a significant reversal will not occur when the uncertainties associated with the variation have been resolved.

Allocation of transaction price

When determining the performance obligations and the transaction price, the transaction price is allocated to the performance obligations, usually in proportion to their stand-alone selling prices (on the basis of the relative stand-alone selling price). In determining standalone selling prices, the Company shall use observable information, if available. If standalone selling prices are not directly observable, the Company uses estimates based on reasonably available information.

Revenue recognition

Revenue is recognized only when the Company satisfies a performance obligation by transferring control of an agreed service to a customer. It is possible to transfer control over time or at a specific time. When a performance obligation is satisfied over a period of time, the Company determines the progress under the contract based on the input or output method which serves as the best measure of performance completed to date. The specified method is applied consistently to similar performance obligations and in similar circumstances.

3- Material accounting policy information (Continued)

C-Summary of Material Accounting Policies (Continued)

Revenue recognition (Continued):

Management fees for portfolios and financial funds

Management fees for portfolios and financial funds are recognized on the dates of their realization according to the agreements concluded with the entities owning these portfolios, and the terms and conditions for those funds are recognized, and revenues resulting from consulting fees and financial information are recognized upon the provision of the service.

Brokerage fees

Brokerage service revenues in stocks are recognized as per the period of their realization, and revenues from services provided to clients, such as internet services and consultancy services, are recognized upon the provision of these services.

Murabaha Income

Murabaha income is recognized based on the terms of the contracts concluded with clients based on the amounts of the murabaha and their duration.

Revenues related to positive portfolio performance

Revenues related to positive portfolio performance fees are recognized according to the contract concluded with each client, determining the value of positive portfolio performance.

Other Revenues

Other revenues are recognized upon their realization.

General and administrative expenses

General and administrative expenses consist of direct and indirect costs that are not related to cost of revenue. Expenses should be apportioned on a consistent basis between general and administrative expenses and cost of revenue - whenever necessary. These expenses mainly include employee costs, other benefits for employees, bonuses and allowances for directors, maintenance fees, rental expenses, insurance, professional fees, and other.

Offsetting

Financial assets and financial liabilities are offset and the net amount is reported in the statement of financial position if there is a currently enforceable legal right to offset the recognized amounts and there is an intention to settle on a net basis, to recognize the assets and settle the obligations simultaneously.

Earnings per share

Basic earnings per share is calculated as the company is in profits so profit / loss for the period by the weighted average number of shares outstanding at the end of the year. Basic loss per share from main operations is calculated by dividing the net loss from main operations by the weighted average number of shares outstanding at the end of the period.

Foreign currency transactions

Transactions in foreign currencies are carried out into Saudi Riyals at the exchange rates prevailing at the time of the transaction. Monetary assets and liabilities in foreign currencies as at the date of the statement of financial position are converted into Saudi riyals at the rates prevailing at the end of the year. Gains and losses arising from repayments or foreign currency exchange are included in statement of profit or loss.

3- Material accounting policy information (Continued)

C-Summary of Material Accounting Policies (Continued)

Operating segments:

Operating Sector

The operating sector is one of the components of the company that engages in activities generating revenues and incurring expenses, including revenues and expenses related to transactions with any of the company's other sectors. All sector results are periodically evaluated by operational decision-makers to make informed decisions, assessing the performance of resources allocated to each sector and the financial information available separately.

The company does not have operating sectors, as all revenues from its activities are generated through a single operating sector. Therefore, there are no operating sectors to disclose.

Geographical Sector

The geographical sector is a group of assets, operations, or facilities engaged in profitable activities within a specific economic environment subject to different risks and returns than those operating in other economic environments.

The company does not have geographical sectors, as all revenues from its activities are generated within the Kingdom of Saudi Arabia. Therefore, there are no geographical sectors to disclose.

4- Use of assumptions and estimates:

The preparation of the Company's financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts of revenues, expenses and assets and liabilities at the reporting date. However, uncertainty about these assumptions and estimates could result in outcomes that could require a material adjustment to the carrying amount of the asset or liability affected in the future. These estimates and assumptions are based upon experience and various other factors that are believed to be reasonable under the circumstances and are used to judge the carrying values of assets and liabilities that are not readily apparent from other sources. The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimates are revised or in the revision period and future periods if the changed estimates affect both current and future periods.

Estimates and related assumptions are reviewed on an ongoing basis, and revisions to estimates are recognized prospectively.

Uncertainty of assumptions and estimates

Below are the assumptions and uncertain estimates that entail significant risks and result in material adjustments to the carrying amounts of assets and liabilities:

Fair value

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. The fair value measurement is based on the presumption that a transaction takes place between the asset, or transfer of the liability, that takes place either:

- In the principal market for the asset or liability, or
- In the absence of a principal market, in the most advantageous market for the asset or liability.

A fair value measurement of a non-financial asset considers a market participant's ability to generate economic benefits by using the asset in the best and highest possible use of the asset, or by selling it to another market participant that would use the asset in the best and highest possible use of the asset.

Fair values are categorized into different levels in the fair value hierarchy based on the inputs used in the valuation techniques as follows:

Level 1: Quoted market prices in active markets for the same financial instruments.

Level 2: Valuation techniques that rely on inputs that affect the fair value that are directly or indirectly observable in the market.

Level 3: Valuation techniques that rely on fair value inputs that cannot be directly or indirectly observed in the market.

4- Use of assumptions and estimates (Continued)

Uncertainty of assumptions and estimates (Continued)

Going Concern.

The Company's management made an assessment for its ability to continue as a going concern and concluded that it has the resources to continue its activity in the foreseeable future. In addition, the management is not aware of any material uncertainty that may cast doubt on the ability of the Company to continue according to the going concern basis. Accordingly, the financial statements have been prepared on the going concern basis.

Investment entities and determining control and consolidation of financial statements.

Investment entities are entities that receive funds from one or more investors for the purpose of providing those investors with investment management services. These entities commit to their investors that the purpose of their operations is solely to invest funds for capital gains, investment income, or both. They typically measure and report the performance of their investments at fair value, except when an exception applies as per International Financial Reporting Standard (IFRS) 10 "Consolidated Financial Statements" for investment entities.

According to IFRS 10, investment entities are prohibited from consolidating their subsidiaries or applying IFRS 3 when acquiring control of another entity. Instead, they must measure their investment in subsidiaries at fair value through profit or loss. When determining whether the company controls these funds, the focus is usually on the overall economic interests of the company in the fund, including expected management fees and any other gains. Since investors have the right to remove the fund manager, the company concludes that it acts as an agent for the investors in all cases and therefore does not consolidate these funds in its financial statements.

Useful life or residual value or depreciation or amortization method of property and equipment and intangible assets

The Company's management estimates the estimated useful life of property and equipment and intangible assets. This estimate is determined after consider the expected use of the asset or damage and the natural obsolescence. Management reviews the useful life or residual value or depreciation or amortization method of property and equipment annually, whereby future depreciation or amortization is modified when management believes that the useful life, residual value or depreciation or amortization method is different from that used in previous periods.

Impairment of non-financial assets

The Company's management periodically reviews the book value of non-financial assets to determine whether there is any indication that such assets may be subject to any impairment loss. If there is any indicator, the recoverable amount of assets is estimated to determine the extent of impairment loss. When it is not possible to estimate the recoverable amount of assets individually, the Company estimates the recoverable amount of the cash generating unit to which the assets belong. If the amount of recoverable assets is estimated to be below its book value, the book value of the asset decreased to its recoverable value, and the impairment loss is recognized in statement of profit or loss.

Incremental borrowing rate for leases contracts

The Company cannot easily determine the interest rate implicit in the lease, and therefore, it uses the incremental borrowing rate to measure lease liabilities. The incremental borrowing rate is the interest rate that a Company would have to pay in order to borrow the necessary financing over a similar period and with the same collateral to obtain an asset of the same value as the Right to Use asset in a similar economic environment. Therefore, the incremental borrowing rate reflects what the company "has to pay" which requires an estimate when no observable rates are available or when they need to be adjusted to reflect the terms and conditions of the lease. The company estimates the default gearing rate using observable inputs (such as market interest rates) when available and this requires making some of its own estimates.

4- Use of assumptions and estimates (Continued)
Uncertainty of assumptions and estimates (Continued)

Extension and termination options in lease contracts
Extension and termination options are included in a number of lease contracts. These terms are used to increase operational flexibility in terms of contract management. Most of the extension and termination options held are exercisable by both the Company and the lessor.

In determining the lease term, management considers all facts and circumstances that create an economic incentive to exercise the extension option, or not to exercise the termination option. Extension options (or periods after termination options) are only included in the lease term if the lease is reasonably certain to be extended (or not terminated). The assessment is reviewed if a significant event or significant change in circumstances occurs that affects this assessment and is within the lessee's control.

Expected credit losses

The Company uses the provision schedule to calculate expected credit losses for receivables. Provision rates are calculated based on days past due for groups of different customer segments with similar loss patterns (i.e. by customer type, classification and coverage by letters of credit and other forms of credit insurance), and the provision schedule is initially calculated on the basis of the Company's observed historical late payment loss rates. The Company will calibrate the table with the aim of adjusting historical credit loss experience with expected information for example, if economic conditions are expected to deteriorate over the following year, which could result in an increased number of delinquencies, historical loss rates are adjusted. At each financial statement date, historical observed loss rates are updated, and changes in expected estimates are analyzed. Assessing the relationship between historical observed late payment loss rates, expected economic conditions, and expected credit losses is an important estimate. The amount of expected credit losses is sensitive to changes in circumstances and expected economic conditions. The Company's historical credit loss experience and expected economic conditions may also not represent an actual loss to customers in the future.

Provision relating to due from related parties
Amounts due from related parties are stated at amortized cost, and are reduced by appropriate provisions for estimated non-recoverable amounts.

Contingent liabilities
By their nature, contingent liabilities will only be settled upon the occurrence or non-occurrence of a future event or events. Evaluating such contingent liabilities essentially involves the exercise of significant judgments and estimates of future events.

Employee benefits
The costs of employees' end-of-service plans and the present value of the end-of-service benefit obligations are determined using actuarial valuations. Actuarial valuations include assumptions that may differ from actual developments in the future. It includes determining the discount rate, future salary increases, mortality rate and future increases in pensions. Given the complexities involved in the valuation and its long-term nature, the defined benefit obligation is highly sensitive to changes in these assumptions. All assumptions are reviewed at the reporting date.

Zakat
In calculating zakat for the current year, the Company adjusted its net profit and applied a certain discount to its zakat to calculate zakat expenses. The Company has made the best estimates of these assumption.

(Saudi Riyals)

5- Cash and cash equivalent

	31 December 2023	31 December 2022
Cash at banks*	**75,791,488**	19,869,520
Cash on hand	**10,345**	10,345
	75,801,833	19,879,865

*Cash at banks includes an amount of 20,000,000 Saudi Riyals as of 31 December 2023 (2022: 15,000,000 Saudi Riyals), represented in Murabaha contracts with a maturity period of three months from the date of engagement in one of the local banks at an annual profit rate. The returns on these Murabaha contracts are included in other revenues in the profit or loss statement (Note 24).

6- Financial investments at fair value through profit or loss

6-A- Financial investments at fair value through profit or loss - current portion

Financial investments at fair value through profit or loss represents investments in shares of listed and unlisted companies, as well as investment funds. This item comprises the following:

2023	**Cost**	**Unrealized gain/(loss)**	**Fair value**
Investments in listed companies	**26,189,999**	**(8,418,563)**	**17,771,436**
Investments in unlisted companies - A	**20,204,731**	**5,449,076**	**25,653,807**
Investments in listed investment funds	**2,932,846**	**340,295**	**3,273,141**
Investments in unlisted investment funds - A	**3,378,399**	**2,592,516**	**5,970,915**
	52,705,975	**(36,676)**	**52,669,299**

2022	**Cost**	**Unrealized gain/(loss)**	**Fair value**
Investments in listed companies	3,672,537	(678,463)	2,994,074
Investments in unlisted companies - A	21,857,333	(2,366,344)	19,490,989
Investments in listed investment funds	3,143,325	(210,491)	2,932,834
Investments in unlisted investment funds - A	30,144,595	(7,238,038)	22,906,557
	58,817,790	(10,493,336)	48,324,454

A- Investments in unlisted companies and unlisted investment funds

- This represents investments in unlisted companies and investment funds over which the Company does not have control over financial and operational policies. Due to the absence of similar active markets, these investments have been accounted for at fair value.
- Below is a statement of investments in unlisted companies and investment funds:

	31 December 2023	31 December 2022
Investment in unlisted companies		
OBIC SV Limited	**20,404,899**	18,812,638
RG First - Series 1C (Crasty)	**2,474,949**	356,799
RG First - Series 1C (Crasty) Class B (3)	**991,083**	-
RG First - Series 2B (Lucidia)	**976,027**	154,889
RG First - Series 6S (ZenHR)	**375,030**	-
RG First - Series 4A (The cloud)	**343,436**	166,663
Tarabut Co- IT Solutions	**88,383**	-
	25,653,807	19,490,989
Investments in unlisted investment funds		
Private Equity Impact Investment Fund - Information Technology and E-commerce	**-**	18,387,600
Osool &Bakheet Trading Fund in the Parallel Market	**3,518,900**	2,588,942
Osool &Bakheet - iMENA Rua' for Growth 1	**2,452,015**	1,930,015
	5,970,915	22,906,557
	31,624,722	42,397,546

(Saudi Riyals)

6- Financial investments at fair value through profit or loss (continued):

6-A- Financial investments at fair value through profit or loss - current portion (continued):

b- During the period, the Company received cash dividends from financial investments accounted for at fair value through profit or loss for shares in listed companies, amounting to SAR 363,452 (2022: SAR 2,592,639).

c- During the period, the Company sold an financial investment at a net book value of SAR 938,081 for a consideration of SAR 947,631. As a result, the Company recognized a gain of SAR 9,550 in the initial summarized profit or loss statement for the year ended 31 December 2023 (2022: Net book value: SAR 23,705,261, compared to SAR 25,185,074, and the gain realized from the sale: SAR 1,479,813).

6-B- Financial investments at fair value through profit or loss - non-current portion

a- This account consists of the following:

2023	Cost	Unrealized gain/(loss)	Fair value
Creative Future for Digital Brokerage	**31,273,400**	**45,502,440**	**76,775,840**
2022	**Cost**	**Unrealized gain/(loss)**	**Fair value**
Creative Future for Digital Brokerage	7,016,630	18,256,782	25,273,412

b- Creative Future for Digital Brokerage is a subsidiary of Osool and Bakheet Investment Company with an ownership percentage of 80% (2022: 100%), where the Company has direct control of 80% and indirect control of 20% of the ownership rights of the company. This investment has been measured at fair value through profit or loss.

c- During 2020, the Company established Creative Future for Digital brokerage with a capital of 10,000 Saudi Riyals. During the year 2021, the Company amended the establishment contract to increase the company's capital to 2,000,000 Saudi Riyals. In 2023, the Company amended the establishment contract again to increase the company's capital to 10,000,000 Saudi Riyals by transferring 6,000,000 Saudi Riyals from the Company's current account and 2,000,000 Saudi Riyals from other shareholders. The market value of the company as of 31 December 2023, amounted to 76,775,840 Saudi Riyals (2022: 25,273,412 Saudi Riyals)

7- Accounts receivable

A- This balance consists of:

	31 December 2023	31 December 2022
Accounts receivable	**7,253,905**	6,558,013
Expected credit losses - B	**(4,818,555)**	(22,607)
	2,435,350	6,535,406

B- The following is the movement in expected credit losses:

	31 December 2023	31 December 2022
Balance at the beginning for the year	**22,607**	22,607
Charge during the year	**4,795,948**	-
Balance at the end of the year	**4,818,555**	22,607

C- The following is the aging for accounts receivables:

	31 December 2023	31 December 2022
Up to 6 months	**2,114,199**	6,530,655
From 6 to 9 months	**50,379**	27,358
From 9 months to 1 year	**271,327**	-
More than 1 year	**4,818,000**	-
	7,253,905	6,558,013

D- The following is the analysis of the provision for expected credit losses for the year ended 31 December 2023.

	Book value	Expected credit loss	
Up to 6 months	**2,114,199**	**10.05%**	**212,553**
From 6 to 9 months	**50,379**	**41.17%**	**20,743**
From 9 months to 1 year	**271,327**	**72.52%**	**196,756**
More than 1 year	**4,818,000**	**91.09%**	**4,388,503**
	7,253,905		**4,818,555**

(Saudi Riyals)

8- Related Parties balances and transactions

The related party is an individual or entity associated with the Company. An individual is considered related if they have control or significant influence over the company or if they are a member of the key management personnel. An entity is considered related if it and the company are members of the same parent company, subsidiary, fellow subsidiary, or associated with a joint venture, or if both entities are joint ventures of a third party.

There are transactions that took place during the year with related parties within the normal course of the Company's business and with the approval of the management. The management believes that the terms of those transactions do not materially differ from any transactions the management engages in with any third party. This item consists of:

a- The balances due from related parties are as follows:

	31 December2023	31 December2022
Board of directors	**2,380,277**	7,151,817
AL Maather REIT Fund	**1,207,178**	1,159,721
Creative Future for Digital Brokerage Company	**350,038**	6,565,410
Osool and Bakheet Fund for Trading in Initial Public Offerings	**293,248**	269,546
Osool and Bakheet Fund for Trading in Parallel Market Stocks	**259,742**	167,523
Osool and Bakheet Fund Energy Capital for energy investments	**258,842**	-
Osool and Bakheet Fund Yamama Business Park	**257,095**	-
Tilal Al Malqah Residential Compound Fund	**225,764**	237,217
Board Members' Close Relatives	**181,627**	1,297,596
Osool and Bakheet Fund – Mobily	**137,890**	-
Osool and Bakheet Fund for Trading in Saudi Stocks	**131,307**	146,486
Osool and Bakheet Fund - The Angel	**122,160**	-
Osool and Bakheet Fund – Four Directions Business square	**119,727**	-
Rua' Growth Series	**111,940**	289,580
Osool and Bakheet Fund for Trading in Sharia-Compliant Initial Public Offering Stocks	**28,104**	14,370
CEOs of Osool and Bakheet Investment Company	**-**	41,060
Osool and Bakheet Fund - I Mena Visions for Growth	**-**	11,783
Expected credit losses – C	**-**	(403,593)
	6,064,939	16,948,516

b- The balances due to related parties consist of the following:

	31 December2023	31 December2022
Board of directors	**200,000**	200,000
Board Members of the Maather REIT Fund	**87,000**	91,906
Osool and Bakheet Fund Energy Capital for energy investments	**-**	5,000
	287,000	296,906

c- The following is the movement on expected credit losses:

	31 December2023	31 December2022
Balance at the beginning for the year	**403,593**	3,038,093
Write off during the year	**-**	(2,634,500)
Reverse during the year	**(403,593)**	-
Balance at the end of the year	**-**	403,593

(Saudi Riyals)

8- Related Parties balances and transactions (continued)

d- The following are the key significant transactions that took place with related parties:

Related Party	Nature of Transaction	Type of Transaction	2023	2022
Osool and Bakheet Fund for Trading in Saudi Stocks	Operating	Fund management and operation, providing trading services	**546,912**	615,791
Osool and Bakheet Fund for Trading in IPO Stocks	Operating	Fund management and operation, providing trading services	**1,058,806**	1,363,632
Osool and Bakheet Fund for Trading in Shariah-Compliant IPO Stocks	Operating	Fund management and operation, providing trading services	**79,204**	70,168
Osool and Bakheet Fund for Trading in Parallel Market Stocks	Operating	Fund management and operation, providing trading services	**718,865**	785,417
Telal Residential Hills Compound Fund	Operating	Fund management and operation	**965,541**	931,916
Al Maathar REIT Fund	Operating	Fund management and operation	**5,418,712**	6,360,768
Osool and Bakheer - I Mena Rua' Growth Fund	Operating	Fund management and operation	**1,065,502**	1,122,251
Osool and Bakheet Fund Private for Investment 2	Operating	Fund management and operation trading services	**-**	718
Osool and Bakheet Fund - Energy Capital for Investment in Energy	Operating	Fund management and operation	**263,842**	33,750
Osool and Bakheet Fund – Mobily	Operating	Fund management and operation, providing services	**818,886**	-
Osool and Bakheet Fund - The Angel	Operating	Fund management and operation	**122,160**	-
Osool and Bakheet Fund – Four Directions Business square	Operating	Fund management and operation	**119,727**	-
Osool and Bakheet Fund Yamama Business Park	Operating	Fund management and operation	**257,095**	-
Board Members	BOD	Financial services	**3,769,877**	9,958,115
Relatives of Board Members	Operating	Financial services	**667,508**	2,164,217
Creative future for digital brokerage	Subsidiaries	Payment on behalf	**5,465,268**	2,719,666
	Subsidiaries	Increase in investment	**6,000,000**	-
Rua' Growth Series	Subsidiaries	Management and operation of the mutual fund	**139,698**	258,043
Osool and Bakheet upper Management	Employees	Financial services	**313,534**	137,629
Board of Directors	BOD	BOD allowance	**(87,000)**	(111,000)
Board Members of Al Maathar REIT Fund	BOD	BOD' bonuses	**(200,000)**	(200,000)

(Saudi Riyals)

8- Related Parties balances and transactions (continued)

Senior management Compensation

Compensation for senior management consists of amounts paid to individuals who have the authority and responsibility for planning, directing, and controlling the activities of the entity directly or indirectly. This includes any director (whether executive or otherwise). Compensation for senior management includes:

	2023	2022
Salaries	**4,088,148**	3,801,414
Bonuses	**1,820,000**	-
End of service liability	**279,286**	266,289

e- The company has entered into financing agreements with related parties, with the details as follows:

- Maximum financing amount of SAR 2,000,000 with an annual commission of 9.5%. As of 31 December 2023, an amount of SAR 2,000,000 has been drawn.

9- Prepaid expenses and other assets

	31 December 2023	31 December 2022
Fund and Company Establishment Fees	**1,669,924**	1,177,583
Prepaid expenses	**775,857**	592,200
Employees receivable	**527,169**	27,032
Prepayments to buy shares	**490,185**	810,876
Murabaha returns accrued	**-**	51,000
Others	**478,517**	65,327
	3,941,652	2,724,018

10-Loans to customers

This item consists of the following:

	31 December 2023	31 December 2022
Loans to customers with margin *	**1,000**	2,974,541

* Loans to customers with margin consist of the following:

- The Company has signed a financing agreement with a maximum limit of SAR 5,827,921 and an annual fee of 7% of the drawn facility amount. The Company has utilized SAR 2,673,541 as of 31 December 2022 and during 2023 the full amount has been collected.

- The Company has signed a facilities agreement with a maximum limit of SAR 300,000 without a commission. The Company calculated the loan at the present value using a discount rate of 7%, in line with the Interest provided to other clients. The entire open value has been utilized as of 31 December 2022. And during 2023 The full amount has been Collected.

11-Financial investment at fair value through other comprehensive income

A- Financial investment at fair value through other comprehensive income consist of the following:

	31 December 2023	31 December 2022
Balance at the beginning for the year	**111,272**	122,002
The change in fair value of investments at fair value through other comprehensive income.	**29,086**	(10,730)
Balance at the end of the year	**140,358**	111,272

B- The financial investments classified at fair value through other comprehensive income are retained as financial assets within the business model, which achieves its objective through collecting contractual cash flows and selling financial assets.

C- The fair value reserve for financial investments as of 31 December 2023, is SAR 15,617 (31 December 2022: SAR 13,469).

(Saudi Riyals)

12-Property and equipment

31 December 2023	Equipment	Furniture and fixtures	Vehicles	Computers	Telecommunications and others	Total
Cost						
Balance beginning of the year	**888,886**	**4,992,437**	**95,562**	**3,414,297**	**641,004**	**10,032,186**
Additions during the year	**10,496**	**-**	**-**	**115,585**	**-**	**126,081**
Disposals during the year	**-**	**-**	**(47,000)**	**-**	**-**	**(47,000)**
Balance ending of the year	**899,382**	**4,992,437**	**48,562**	**3,529,882**	**641,004**	**10,111,267**
Accumulated depreciation						
Balance beginning of the year	**679,357**	**4,934,932**	**75,336**	**3,273,356**	**639,984**	**9,602,965**
Charge for the year	**75,209**	**47,710**	**12,144**	**110,646**	**1,020**	**246,729**
Disposals during the year	**-**	**-**	**(47,000)**	**-**	**-**	**(47,000)**
Balance ending of the year	**754,566**	**4,982,642**	**40,480**	**3,384,002**	**641,004**	**9,802,694**
Net book value	**144,816**	**9,795**	**8,082**	**145,880**	**-**	**308,573**

31 December 2022	Equipment	Furniture and fixtures	Vehicles	Computers	Telecommunications and others	Total
Cost						
Balance beginning of the year	871,116	4,992,437	95,562	3,328,798	641,004	9,928,917
Additions during the year	17,770	-	-	88,098	-	105,868
Balance ending of the year	888,886	4,992,437	95,562	3,416,896	641,004	10,034,785
Accumulated depreciation						
Balance beginning of the year	597,353	4,891,299	63,192	3,078,896	616,779	9,247,519
Charge for the year	82,004	43,633	12,144	197,059	23,205	358,045
Balance ending of the year	679,357	4,934,932	75,336	3,275,955	639,984	9,605,564
Net book value	209,529	57,505	20,226	140,941	1,020	429,221

13-Intangible assets

A- This item consists of:

Financial Analysis and Asset Management Software	31 December 2023	31 December 2022
Cost		
Balance beginning of the Year	**3,251,974**	2,937,133
Additions during the year	**369,634**	314,841
Balance ending of the Year	**3,621,608**	3,251,974
Accumulated depreciation		
Balance beginning of the Year	**2,123,871**	1,504,004
Charge for the year	**477,538**	619,867
Balance ending of the year	**2,601,409**	2,123,871
Net book value	**1,020,199**	1,128,103

B- The Company allocates internally generated costs that are directly and necessarily attributable to the creation, production, and preparation of the asset to be operationalized in the manner intended by management only. Accordingly, salaries and benefits of employees responsible for developing financial analysis programs and asset management (the benefits amounted to SAR 36,198 as of 31 December 2023 (2022: SAR 30,644) have been allocated Note 18. These programs include (CMS, Crowd Funding, and E-Nmu). The Company will cease salary allocation upon completion of the programs and when they become ready for operation in the manner specified by management. It is expected that these programs will be ready during the year 2024.

(Saudi Riyals)

14-Right of use assets and lease Liabilities

A- This item consists of:

Offices	31 December 2023	31 December 2022
Cost		
Balance beginning of the year	**4,010,665**	3,400,168
Additions during the year	**2,112,527**	610,497
Disposals during the year	**(610,497)**	-
Balance ending of the year	**5,512,695**	4,010,665
Accumulated depreciation		
Balance beginning of the year	**3,093,350**	2,212,122
Charge for the year	**752,846**	881,228
Disposals during the year	**(176,599)**	**-**
Balance ending of the year	**3,669,597**	3,093,350
Net book value	**1,843,098**	917,315

B- The following is the movement in Lease Liability as of 31 December:

	31 December 2023	31 December 2022
Balance at the beginning for the year	**758,115**	1,105,416
Additions during the year	**2,057,803**	563,412
Finance Cost -Note 23	**54,724**	47,085
Paid during the year	**(700,276)**	(957,798)
Disposals during the year	**(397,064)**	-
Balance at the end of the year	**1,773,302**	758,115

C- The lease obligations were classified in Statement of financial position as follow:

	31 December 2023	31 December 2022
Current portion	**756,963**	450,407
Non-current portion	**1,016,339**	307,708

15 -Short term loans

A- During 2022, the Company obtained banking facilities in the form of a short-term loan from Saudi Fransi Bank and issued letters of guarantee for payment and withdrawal on overdrafts up to a credit limit of SAR 75,000,000 at interest rates based on Saudi interbank rates. These facilities are secured by a promissory note for an amount of SAR 75,000,000, covering the total value of the facilities. The Company also signed a contract to pledge an investment portfolio consisting of shares acceptable to the bank, with a coverage ratio of not less than 150% of the overdraft withdrawal amount, which represents SAR 25,000,000. The company has amended this agreement to comply with Islamic Sharia provisions, and the agreement was signed on 1 January 2024.

B- During 2023, the Company obtained temporary banking facilities for subscription purposes, with a credit limit of SAR 125,000,000 in the form of a short-term loan from Saudi Fransi Bank, with a duration of 14 days.

C- The following is the movement on short term loans:

	31 December 2023	31 December 2022
Balance at the beginning for the year	**6,000,000**	-
Additions during the year	**85,000,000**	6,000,000
Paid during the year	**(91,000,000)**	-
Balance at the end of the year	**-**	6,000,000

(Saudi Riyals)

16 -Accruals and other liabilities

	31 December 2023	31 December 2022
Accrued bonuses	**6,942,643**	777,143
Accrued expenses	**1,114,716**	553,632
VAT	**513,925**	329,504
Service suppliers	**43,313**	82,376
Other	**1,288**	48,216
	8,615,885	1,790,871

17 -Zakat provision

a- Below are the main components of the Zakat base for the two years ending on 31 December:

	31 December 2023	31 December 2022
Equity	**101,709,721**	97,728,041
Net adjusted (loss) /profit	**(11,953,487)**	13,472,688
Positive components of zakat base	**8,143,998**	7,640,739
Negative components of zakat base	**(3,312,228)**	(27,748,051)
Adjusted zakat base	**94,588,004**	91,093,417
Zakat	**2,447,465**	2,337,631

b- The following is the movement in zakat provision as of 31 December:

	31 December 2023	31 December 2022
Balance at the beginning for the year	**3,982,786**	3,489,258
Charged during the year	**2,447,465**	2,337,631
Paid during the year	**(2,337,632)**	(1,844,103)
Balance at the end of the year	**4,092,619**	3,982,786

C- Zakat Status

The Company completed its Zakat obligations up to the year 2018. It submitted Zakat declarations and financial statements for the years 2019 to 2022, settled the dues based on those declarations, and obtained the required certificates. However, Zakat assessment for the remaining years have not been obtained as of the current date.

The Zakat Provision includes an amount of SAR 1,645,157, which differs between Osool Financial Company pre-merger and the Zakat, Tax, and Customs Authority. An objection has been filed regarding these amounts, but a decision has not been made as of the current date. It's worth noting that if the objection is accepted and the reserve pertaining to this amount is returned, Osool Financial Company will be entitled to it according to the merger contract clauses (3/1/1/1), (3/1/1/2), and (8/1).

18 -End of service indemnities

a- The Company determines the present value of its defined benefit employee benefit obligations by conducting an actuarial valuation using the projected unit credit method, considering the following assumptions:

	31 December 2023	31 December 2022
Discount rate	**6.60%**	4.65%
Expected salary growth rate	**4.60%**	4.65%

b- The following table represents the movement in the end of service indemnities as of 31 December:

	31 December 2023	31 December 2022
Opening balance	**4,721,193**	4,036,863
Statement of Profit or Loss		
Current service cost	**551,784**	492,413
Interest cost - Note 23	**219,968**	94,383
	771,752	586,796
Transfers	**36,198**	30,644
Statement of Other Comprehensive income		
Actuarial re-measurement charged to OCI	**616,731**	263,020
Benefits paid during the year	**(18,258)**	(103,372)
Closing balance	**6,127,616**	4,697,948

(Saudi Riyals)

18- End of service indemnities (continued):

c- Sensitivity analysis on end of service indemnities

	2023		**2022**	
	+0.5%	**-0.5%**	+0.5%	-0.5%
Salary growth rate	**6,277,446**	**5,984,060**	4,830,190	4,616,687
Discount rate	**5,942,911**	**6,322,887**	4,586,778	4,863,020

The sensitivity analysis mentioned above are based on changes in assumptions while keeping all other assumptions constant. From a scientific perspective, this is unlikely to occur, as some changes in assumptions may be interrelated. When calculating the sensitivity of employee end-of-service benefits to a fundamental discretionary assumption, the same method is applied (the present value of employee end-of-service benefits is calculated based on the estimated unit credit cost method at the end of the reporting period) when recognizing employee end-of-service benefits in the financial statements.

19- Statutory reserve

In accordance with the requirements of the Companies law, the Company's Bylaws may stipulate the allocation of a certain percentage of net profits to establish reserves designated for purposes specified in the Bylaws. According to the company's Bylaws, at the end of each fiscal year, at least 10% of the net profit for the year is transferred to statutory reserves. The General Assembly of Shareholders may decide to cease this allocation when such reserve reaches 30% of the company's capital. An amount of SAR 2,549,711 from retained earnings as of December 31, 2023, was transferred (2022: SAR 1,024,470).

20- Share premium

On the 3rd of Dhu al-Hijjah, 1444 Hijri (corresponding to 21 June 2023 AD), the Board of the Capital Market Authority issued a decision approving the registration and offering of 1,500,000 shares representing (18.519%) of the company's shares on the parallel market. The offering price per share was SAR 45, and the total proceeds of the offering amounted to SAR 67,500,000. The nominal value per share was SAR 10. Therefore, the issuance premium for the shares amounted to SAR 52,500,000.

21- Treasury shares

- The Company has granted some of its employees (qualified employees) stock options ("treasury shares") and performance-based incentives, resulting in greater alignment between the interests of shareholders and these employees. The granting of options depends on achieving the targeted performance set by the company, in addition to the necessary period of service for the qualified employee.
- Under the employee Share Based Payment program, equity instruments (shares) have been granted to qualified employees for ownership (treasury shares) in accordance with the terms and conditions outlined below:
  - treasury shares that have not been granted to qualified employees during the reporting period and have been earmarked for them are carried forward to the subsequent reporting period.
  - In the event of an increase in share capital, stock split, or distribution of dividends (in the form of shares), the number of restricted shares and the exercise price of the options are adjusted accordingly.

The following table represents the movement in the treasury shares as of 31 December:

	31 December 2023	31 December 2022
Balance at the beginning for the year	-	-
Shares Settled during the year	**(6,000,000)**	-
Balance at the end of the year	**(6,000,000)**	-

(Saudi Riyals)

22- General and administrative expenses

	2023	2022
Salaries and employees benefit	**11,075,742**	10,527,620
Employee bonuses*	**8,880,000**	-
Professional and consultations fees	**1,981,841**	882,197
Service supplier and data expenses	**1,332,931**	1,317,249
Insurance expenses	**934,289**	888,413
Social insurance	**559,205**	547,199
Funds expenses	**269,960**	369,701
Reverse of Expected Credit Loss Provision – Note 8	**(403,593)**	-
Other	**2,422,842**	1,835,643
	27,053,217	16,368,022

*Employee bonuses include an amount of SAR 2,500,000, which is for the company's performance for the year 2022, and it was approved on September 5, 2023.

23- Finance Cost

	2023	2022
Bank Charges	**312,500**	-
End of service indemnities interest cost – Note 18	**219,968**	94,383
Short Term Loan Finance Cost	**202,835**	27,190
Finance Lease Finance Cost – Note 14	**54,724**	47,085
	790,027	168,658

24- Other income

	2023	2022
Interest income	**1,051,468**	51,000
Incorporation of Funds fees	**100,000**	-
Gain from sale of property and equipment	**10,835**	-
Investment property rental income	**-**	2,025,000
Other	**520,894**	697,330
	1,683,197	2,773,330

25- Earnings per share

The earnings per share are represented by:

	2023	2022
Net profit from main operations	**27,051,407**	9,977,659
Number of shares (Weighted Average)	**6,226,027**	6,000,000
Basic and diluted earnings per share from main operations	**4.34**	1.66
Net profit for the year	**25,497,112**	10,244,700
Number of shares (Weighted Average)	**6,226,027**	6,000,000
Basic and diluted earnings per share	**4.10**	1.71

26- Funds held in trust

According to the requirements of the Saudi Arabian Capital Market Authority (Article 78) from the list of entities licensed by reviewing the bank accounts held by the company, it is revealed that the accounts include local bank accounts with Alahli Bank, Saudi Fransi Bank, Alinma Bank, Al Rajhi Bank, and Arab National Bank. The balances as at 31 December 2023, amounted to SAR 305,417,746, and USD 3,655,376, and UAD 1,004 Respectively (31 December 2022: SAR 173,239,886). These balances include investment accounts, current accounts, customer deposits, and customer fees and subscriptions.

27- Capital Adequacy

Adequacy of share capital, prepared by the management based on the requirements of the Capital Market Authority for the two years ended, is as follows:

	2023 In SAR'000
Share Capital Base	
The First Tranche of share Capital	**199,086**
The Second Tranche of share Capital	**-**
	199,086
Minimum capital requirement	
Credit Risks	**420,876**
Market Risks	**42,089**
Operation Risks	**87,089**
Concentration Risks	**229,538**
	779,592
Financial Adequacy (%)	**25,54**
Reserve	**136,718**

	2022 In SAR'000
Share Capital Base	
The First Tranche of share Capital	106,568
The Second Tranche of share Capital	-
	106,568
Minimum capital requirement	
Credit Risks	51,693
Market Risks	1,398
Operation Risks	5,283
Concentration Risks	-
	58,374
Financial Adequacy (Time)	1,83
Reserve	48,194

A- The Company's capital base consists of the first tranche of share capital (comprising share capital and retained earnings or accumulated losses). The company does not have a second tranche of share capital according to the provisions of financial adequacy rules.

B- The Company's objectives in managing capital adequacy are to comply with the capital requirements set by the Capital Market Authority to maintain the company's ability to continue operations in accordance with the principle of continuity and to preserve a strong capital base.

C- The Capital Market Authority modified the regulatory capital requirements and capital adequacy ratio calculation methodology in April 2023.

(Saudi Riyals)

28- Financial instruments, risk management and fair value

Financial instruments

Financial instruments included in statement of financial position mainly include cash at banks, receivables, prepaid expenses, other assets and other financial assets at fair value through profit and loss, due from / to related party, accounts payable, accrued expenses and other liabilities.

Risk Management

The Company's management has overall responsibility for setting and supervising the Company's risk management frameworks. The Company's risk management policies have been developed to identify and analyze the risks faced by the Company, to set appropriate risk limits and controls, and to monitor risks and adhere to those limits. Risk management policies and systems are reviewed regularly to reflect changes in market conditions and the Company's activities. Through its training and management procedures and standards, the Company aims to have a constructive and regular control environment in which employees are aware of their responsibilities and obligations.

Credit risk

Credit risk represents the risk of financial loss that the Company faces in the event that the customer or counterparty in a financial instrument fails to fulfill its contractual obligations, and it mainly arises from cash and cash equivalents and receivables. The maximum exposure to credit risk represents the carrying value of these assets.

The cash balance is represented in current accounts, and as the cash is deposited with financial institutions with high credit ratings, the management believes that the Company is not exposed to significant risks. Credit risk related to customers is managed by the business unit which is subject to the Company's policies, procedures and controls on managing credit risk related to customers. Credit limits are set for all customers using internal and external rating criteria and controls. The credit quality of customers is assessed according to a credit rating system.

The following is a detail of the credit risks to which the Company is exposed:

	31 December 2023	31 December 2022
Accounts receivable	**7,253,905**	6,558,013
Cash and cash equivalent	**75,801,833**	19,879,865
Due from related party	**6,064,939**	17,352,109
	89,120,677	43,789,987

Market risk

Market risk is the risk of the potential impact of changes in market prices such as foreign exchange rates and commission rates. The objective of market risk management is to manage and control exposure to market risks within acceptable limits while achieving the highest possible return.

Foreign exchange rate risk: Foreign exchange rate risk results from potential changes and fluctuations in commission rates that may impact future earnings or fair values of financial instruments. The company monitors fluctuations in commission rates and believes that the impact of commission price risks is not significant.

Commission Price Risk: Commission price risks arise from potential changes and fluctuations in commission rates, which can impact future profitability or fair values of financial instruments. The company monitors commission price volatility and believes that there are no commission price risks under the management's oversight.

(Saudi Riyals)

28- Financial instruments, risk management and fair value (continued)

Capital Risk

The primary goal of the company's capital management is to support its operations and increase returns to shareholders. The company's policy is to maintain a strong capital base to instill confidence in financial statement users and support future business developments. The company manages its capital structure and adjusts in light of changes in economic conditions. Management monitors the return on capital, which the company defines as the result of operating activities divided by total equity. There have been no changes in the company's capital management approach during the period. Additionally, management monitors the level of dividend distributions to shareholders. The company has not been subject to externally imposed capital requirements.

The following is an analysis of the Company's debt to equity ratios at the end of the year:

	31 December 2023	31 December 2022
Total liabilities	**20,896,422**	17,549,871
Less: Cash and cash equivalent	**(75,801,833)**	(19,879,865)
Net	**-**	-
Total equity	**200,105,719**	107,696,252
Liability to equity	**-**	-

Interest rate risk

Interest Rate risk arises from possible changes and fluctuations in commission rates that affect future profit or fair values of financial instruments. The Company monitors commission rate fluctuations and believes that the effect of commission rate risk is ineffective.

Liquidity risk

Liquidity risks represent the challenges faced by the company in meeting its financial obligations. The company's approach to managing liquidity risks is to maintain sufficient cash and near-cash assets and ensure the availability of financing to meet obligations when they become due.

The management monitors liquidity shortage risks by utilizing forecasting models to determine the effects of operational activities on overall liquidity availability. It maintains an available cash liquidity ratio to ensure the repayment of debts when they become due.

The table below summarizes the dates of the company's financial obligations based on undiscounted contractual payments:

As at December31, 2023	**1 – 12 Months**	**1 -5 Years**	**More than 5 Years**	**Indefinite term**	**Total**
Accruals and other liabilities	**8,615,885**	**-**	**-**	**-**	**8,615,885**
Due to related party	**287,000**	**-**	**-**	**-**	**287,000**
Lease Liability	**755,000**	**1,132,500**	**-**	**-**	**1,887,500**
Total	**9,657,885**	**1,132,500**	**-**	**-**	**10,790,385**

As at December31, 2022	1 – 12 Months	1 -5 Years	More than 5 Years	Indefinite term	Total
Accruals and other liabilities	1,790,871	-	-	-	1,790,871
Due to related party	296,906	-	-	-	296,906
Lease Liability	450,407	307,708	-	-	758,115
Short Term Loan	6,000,000	-	-	-	6,000,000
Total	8,538,184	307,708	-	-	8,845,892

(Saudi Riyals)

28- Financial instruments, risk management and fair value (continued)

Fair value

The fair value of financial assets and financial liabilities includes financial assets in equity instruments and financial assets at fair value through profit or loss, receivables from related parties, contract assets, trade receivables, prepaid expenses, and other assets, as well as cash in hand and at banks. Financial liabilities comprise payables to related parties, contract liabilities, trade payables, accrued expenses, and other payables.

The fair values of financial instruments for the group do not differ significantly from their carrying amounts.

All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorized within the fair value hierarchy, as described as follows, based on the lowest level entry that is significant to the fair value measurement as a whole:

• Level 1 - Quoted prices (without adjustment) in active markets for identical assets or liabilities.
• Level 2 - valuation techniques for which the minimum input that is directly or indirectly significant is observable to the fair value measurement.
• Level 3 - valuation techniques for which the lowest level input that is significant to the fair value measurement is observable.

	Level 1	Level 2	Level 3	Total
31 December 2023				
Investment at fair value through profit or loss	**24,563,477**	**2,452,015**	**102,429,647**	**129,445,139**
Investment at fair value through other comprehensive income	**140,358**	**-**	**-**	**140,358**
31 December 2022				
Investment at fair value through profit or loss	8,515,863	20,317,613	44,764,390	73,597,866
Investment at fair value through other comprehensive income	111,272	-	-	111,272

29- Comparative Figures

Some of the figures for the comparative year have been reclassified to align with the current year's itemization as follows:

	Balance before Reclass	Reclass	Balance after reclass
Depreciation and Amortization	**977,913**	**881,227**	**1,859,140**
General and administrative expenses	**17,343,632**	**(975,610)**	**16,368,022**
Finance Cost	**74,275**	**94,383**	**168,658**

30- Subsequent events

Management believes that there are no significant subsequent events after the date of the financial statements and before the issuance of these financial statements that require their amendment or disclosure.

31- Approval of financial statements

The financial statements were approved by the Board of Directors on 20 Ramadan 1445 H (corresponding to 30 March 2024).