DERAYAH FINANCIAL COMPANY
(A Closed Joint Stock Company)
FINANCIAL STATEMENTS
For the year ended 31 December 2022
Together with
INDEPENDENT AUDITOR'S REPORT

KPMG Professional Services
Riyadh Front, Airport Road
P. O. Box 92876
Riyadh 11663
Kingdom of Saudi Arabia
Commercial Registration No 1010425494

Headquarters in Riyadh

كي بي إم جي للاستشارات المهنية
واجهة الرياض، طريق المطار
صندوق بريد ٩٢٨٧٦
الرياض ١١٦٦٣
المملكة العربية السعودية
سجل تجاري رقم ١٠١٠٤٢٥٤٩٤

المركز الرئيسي في الرياض

Independent Auditor's Report

To the Shareholders of Derayah Financial Company

Opinion

We have audited the financial statements of Derayah Financial Company ("the Company"), which comprise the statement of financial position as at 31 December 2022, the statements of comprehensive income, changes in equity and cash flows for the year then ended, and notes to the financial statements, comprising significant 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 2022, and its financial performance and its cash flows for the year then ended in accordance with the International Financial Reporting Standards ("IFRS") that are endorsed in the Kingdom of Saudi Arabia and other standards and pronouncements issued by the Saudi Organization for Chartered and Professional Accountants ("SOCPA").

Basis for opinion

We conducted our audit in accordance with the 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 is 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 the 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 judgment, 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 these matters.

Independent auditor's report

To the Shareholders of Derayah Financial Company (continued)

Key Audit Matters (continued)

Investment in an associate

Refer to Note 9 and 24 and accounting policies 3.19 to the financial statements.

Key Audit Matter	How the matter was addressed in our audit
During the year ended 31 December 2022, the Company has recognised 20% interest in the recently established Bank D360 ("the Bank" / "D360" / "associate"). The investment has been accounted for using the equity method in accordance with the requirement of the applicable accounting standards due to the Company having significant influence on the Bank. The investment has been acquired at a consideration of SR 330 million, which comprised of SR 137 million paid by the Company in cash and SR 193 million in kind contribution paid as a compensation to the Company by the other shareholders of D360 for establishing the Bank. The Company has recognised an advisory fees income of SR 164 million in respect of SR 193 million aforementioned compensation provided by the Bank's other shareholders as the underlying performance obligation has been satisfied during the year, whereas SR 29 million has been deferred as it relates future performance obligations. The Company's investment in associate as at 31 December 2022 amounted to SR 292 million after recording a share of loss from associate for the year amounting to SR 38 million, representing 32% of the Company's total assets and 12% of the Company's total profit for the year, respectively. We considered the accounting for investment in the Bank and related transaction as a key audit matter because of its material impact on the Company's financial statements and the judgment involved in the recognition of related revenue.	Our audit procedures included the following: • Inspected the underlying agreements and evaluated Company's accounting for the associate on the investment date including the determination of acquisition date; • Evaluated the appropriateness of the Company's accounting policies to measure investments using the equity method to be in the line with the requirements of the applicable accounting standards; • We assessed the relationship resulting from the investment and the underlying judgement to determine the Company's significant influence on the Bank; • Evaluated the appropriateness of the revenue recognised for the services rendered by the Company in the establishment of the Bank including assessment of the performance obligations satisfied and assessment of future performance obligations; • We obtained the financial information of the Bank for the period ended 31 December 2022 and performed audit procedures to obtain sufficient appropriate audit evidence on the financial information of the Bank used by the Company for equity accounting in the financial statements; • Considered the adequacy of the Company's disclosures in accordance with applicable accounting standards.

Independent auditor's report

To the Shareholders of Derayah Financial Company (continued)

Other Information

Management is responsible for the other information. The other information comprises the information included in the annual report but does not include the financial statements and our auditor's report thereon. The annual report 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 will 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 when it becomes available 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.

When we read the annual report once it is made available to us, if we conclude that there is a material misstatement therein, we are required to communicate the matter to those charged with governance.

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 IFRS that are endorsed in the Kingdom of Saudi Arabia and other standards and pronouncements issued by the SOCPA, the applicable requirements of the Regulations for Companies, and the Company's By-Laws and for such internal control as management determines is necessary to enable the preparation of the 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, the Board of Directors, are responsible for overseeing the Company's 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 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 judgement and maintain professional scepticism 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 for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations or the override of internal control.

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Independent auditor's report

To the Shareholders of Derayah Financial Company (continued)

Auditor's responsibilities for the audit of the financial statements (continued)

- 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.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, then 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.
- Obtain sufficient appropriate audit evidence regarding the financial information of the component within the Company to express an opinion on the financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

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

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence and 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.

KPMG Professional Services

Dr. Abdullah Hamad Al Fozan
License No: 348

Riyadh: 8 Ramadan 1444H
Corresponding to: 30 March 2023

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KPMG Professional Services

DERAYAH FINANCIAL COMPANY
(A CLOSED JOINT STOCK COMPANY)

STATEMENT OF FINANCIAL POSITION
As at 31 December 2022
(Amount in Saudi Riyals)

	Notes	**2022**	2021
ASSETS			
NON-CURRENT ASSETS			
Property and equipment, net	*6*	**35,703,809**	26,302,198
Right-of-use assets, net	*7*	**6,983,227**	8,791,034
Intangible assets, net	*8*	**13,142,426**	14,715,145
Investment in an associate	*9*	**291,795,800**	-
Investments at amortised cost	*10*	**17,141,266**	22,407,164
Investments at fair value through profit or loss	*11*	**148,905,676**	92,123,720
Investments at fair value through other comprehensive income	*12*	**26,277,177**	32,976,299
TOTAL NON-CURRENT ASSETS		**539,949,381**	197,315,560
CURRENT ASSETS			
Due from related parties	*16*	**32,967,267**	26,947,068
Margin client receivables, net	*13*	**85,854,127**	99,411,642
Prepayments		**4,689,282**	945,201
Other current financial assets	*14*	**203,199,939**	303,987,821
Investments at fair value through profit or loss	*11*	**14,812,352**	21,297,025
Investments at amortised cost	*10*	**5,070,801**	-
Bank balances	*15*	**30,363,108**	94,150,040
TOTAL CURRENT ASSETS		**376,956,876**	546,738,797
TOTAL ASSETS		**916,906,257**	744,054,357
LIABILITIES AND EQUITY			
NON-CURRENT LIABILITIES			
Employees' defined benefit obligations	*17*	**21,550,028**	18,378,555
Employees' Equity Award Plan ('EEAP')	*18*	**52,708,021**	-
Unearned revenue	*24*	**29,382,344**	-
Lease liability		**5,088,588**	6,927,284
TOTAL NON-CURRENT LIABILITIES		**108,728,981**	25,305,839
CURRENT LIABILITIES			
Accrued expenses and other payables	*19*	**68,565,307**	92,976,822
Zakat payable	*20*	**21,295,229**	21,345,385
TOTAL CURRENT LIABILITIES		**89,860,536**	114,322,207
TOTAL LIABILITIES		**198,589,517**	139,628,046
EQUITY			
Share capital	*21*	**162,290,130**	161,090,130
Statutory reserve	*22*	**48,687,039**	48,327,039
Retained earnings		**511,333,539**	392,092,737
Other reserves		**(3,993,968)**	2,916,405
TOTAL EQUITY		**718,316,740**	604,426,311
TOTAL LIABILITIES AND EQUITY		**916,906,257**	744,054,357

The attached notes 1 to 40 form an integral part of these financial statements.

STATEMENT OF COMPREHENSIVE INCOME
For the years ended 31 December
(Amounts in Saudi Riyals)

	Notes	**2022**	2021
OPERATING INCOME			
Revenue from contract with customers	*24*	**613,736,916**	575,068,755
Special commission income	*25*	**35,220,555**	8,394,180
(Loss) / gain on investments, net	*26*	**(5,314,944)**	3,162,501
Dividend income		**1,817,591**	2,252,697
TOTAL OPERATING INCOME		**645,460,118**	588,878,133
OPERATING EXPENSES			
Salaries and employee related expenses	*27*	**(157,118,346)**	(98,288,378)
Other general and administrative expenses	*28*	**(117,475,544)**	(113,196,953)
Marketing expenses		**(9,299,752)**	(6,073,715)
Allowance for expected credit losses	*29*	**(190,648)**	(35,254)
TOTAL OPERATING EXPENSES		**(284,084,290)**	(217,594,300)
NET OPERATING INCOME		**361,375,828**	371,283,833
Other (expenses) / income	*30*	**(328,093)**	6,983,256
Share of loss in an associate	*9*	**(38,204,200)**	-
INCOME BEFORE ZAKAT		**322,843,535**	378,267,089
Zakat charge for the year	*20*	**(15,334,082)**	(12,788,017)
INCOME FOR THE YEAR		**307,509,453**	365,479,072
Other comprehensive (loss) / income not to be reclassified to income subsequently			
Financial assets at fair value through OCI – net change in fair value		**(6,699,122)**	4,867,763
Remeasurement loss on defined benefit plan	*17*	**(211,251)**	(1,106,068)
OTHER COMPREHENSIVE (LOSS) / INCOME FOR THE YEAR		**(6,910,373)**	3,761,695
TOTAL COMPREHENSIVE INCOME FOR THE YEAR		**300,599,080**	369,240,767
EARNINGS PER SHARE			
Basic and diluted, earning per share	*31*	**18.95**	22.52

The attached notes 1 to 40 form an integral part of these financial statements.

DERAYAH FINANCIAL COMPANY
(A CLOSED JOINT STOCK COMPANY)

STATEMENT OF CHANGES IN EQUITY
For the years ended 31 December 2022
(Amounts in Saudi Riyals)

	Share Capital	Statutory reserve	Fair value reserve	Other reserves	Retained earnings	Total
As at 1 January 2021	161,090,130	19,489,943	3,318,315	(2,699,633)	94,259,322	275,458,077
Income for the year	--	--	--	--	365,479,072	365,479,072
Other comprehensive income / (loss) for the year	--	--	4,867,763	(1,106,068)	--	3,761,695
Realized gain on sale of investments at fair value through other comprehensive income	--	--	(1,463,972)	--	1,463,972	--
Dividends distribution (note 23)	--	--	--	--	(40,272,533)	(40,272,533)
Transfer to statutory reserve	--	28,837,096	--	--	(28,837,096)	--
Balance at 31 December 2021	161,090,130	48,327,039	6,722,106	(3,805,701)	392,092,737	604,426,311
Issuance of share capital (note 21)	**1,200,000**	**--**	**--**	**--**	**(1,200,000)**	**--**
Income for the year	**--**	**--**	**--**	**--**	**307,509,453**	**307,509,453**
Other comprehensive loss for the year	**--**	**--**	**(6,699,122)**	**(211,251)**	**--**	**(6,910,373)**
Dividends distribution (note 23)	**--**	**--**	**--**	**--**	**(186,708,651)**	**(186,708,651)**
Transfer to statutory reserve	**--**	**360,000**	**--**	**--**	**(360,000)**	**--**
Balance at 31 December 2022	**162,290,130**	**48,687,039**	**22,984**	**(4,016,952)**	**511,333,539**	**718,316,740**

The attached notes 1 to 40 form an integral part of these financial statements.

DERAYAH FINANCIAL COMPANY
(A CLOSED JOINT STOCK COMPANY)

STATEMENT OF CASHFLOWS
For the years ended 31 December
(Amounts in Saudi Riyals)

	Notes	2022	2021
OPERATING ACTIVITIES			
Income before zakat		**322,843,535**	378,267,089
Non-cash adjustment to reconcile income before zakat to net cash flows:			
Provisions for employees' defined benefit obligations	*17*	**3,593,717**	2,960,887
Provisions for employees' equity award plan	*18*	**52,708,021**	--
Advisory services	*24*	**(163,806,472)**	--
Loss / (gain) on investments, net	*26*	**5,314,944**	(3,162,501)
Share of loss in an associate	*9*	**38,204,200**	--
Depreciation and amortization	*28*	**12,500,561**	10,785,558
Allowance for credit losses	*29*	**190,648**	35,254
Amortisation of premium on investment at amortized cost		**197,347**	197,346
Finance Cost		**1,682,936**	589,314
Operating cash flows before working capital changes		**273,429,437**	389,672,947
Margin client receivables, net		**13,581,566**	(57,145,000)
Other current financial assets		**(36,240,826)**	(134,497,242)
Prepayments		**(3,744,081)**	250,695
Due from related parties, net		**(6,018,411)**	(5,488,996)
Accrued expenses and other payables		**(22,525,002)**	29,491,433
		218,482,683	222,283,837
Zakat paid	*20*	**(15,384,238)**	(5,931,364)
End of service benefits paid	*17*	**(633,495)**	(568,462)
Finance cost paid		**(1,682,936)**	(589,314)
Cash generated from operating activities		**200,782,014**	215,194,697
INVESTING ACTIVITIES			
Purchase of financial assets at FVTPL		**(202,574,388)**	(129,075,111)
Sale proceeds from financial assets at FVTPL		**146,962,160**	158,077,579
Sale of financial assets classified as FVOCI		**--**	6,023,882
Additions of property and equipment		**(15,595,595)**	(16,045,694)
Purchase of intangible assets	*8*	**(2,926,048)**	(11,767,248)
Advance paid against investment in associate		**--**	(136,811,184)
Cash (used in) / generated from investing activities		**(74,133,871)**	(129,597,776)
FINANCING ACTIVITIES			
Dividends paid	*23*	**(186,708,651)**	(40,272,533)
Lease liability paid	*7.1*	**(3,725,209)**	(2,474,564)
Cash used in financing activities		**(190,433,860)**	(42,747,097)
NET (DECREASE) / INCREASE IN BANK BALANCES DURING THE YEAR		**(63,785,717)**	42,849,824
Cash and cash equivalents at the beginning of the year		**94,150,040**	51,300,216
BANK BALANCES AT THE END OF THE YEAR		**30,364,323**	94,150,040
NON-CASH SUPPLEMENTAL INFORMATION			
Right of use asset		**6,983,227**	8,790,651
Lease liabilities		**(7,092,884)**	(9,108,363)
Acquisition of investment in an associate		**(193,188,816)**	-

The attached notes 1 to 40 form an integral part of these financial statements.

1. ACTIVITIES

Derayah Financial Company (the "Company") is a Closed Joint Stock Company registered in the Kingdom of Saudi Arabia under commercial registration number 1010266977 dated 10 Jumada 1436H (corresponding to April 15, 2009).

The principal activities of the Company are to provide brokerage, advisory, custodian services, dealing as principal and dealing as agent, managing, and arranging. The Company has commenced its business on 8 Rajab 1430H (corresponding to July 1, 2009) under license number 08109-27 from the Capital Market Authority ("CMA"), dated 19 Jumada al-Alkhirah 1429H (corresponding to June 23, 2008). The Company's registered office is located at the following address:

Olaya Main Street, Olaya Centre
P.O. Box 286546, Riyadh 11323
Kingdom of Saudi Arabia

The Company has branches in Dammam and Jeddah operating under commercial registration number 2050101980 dated 23 Shawwal 1435H (corresponding to August 19, 2014) and commercial registration number 4030286122 dated 13 Safar 1437H (corresponding to November 25, 2015), respectively.

2. BASIS OF PREPARATION

2.1 Statement of compliance

The financial statements of the Company have been prepared in accordance with 'International Financial Reporting Standards ("IFRS") as endorsed in the Kingdom of Saudi Arabia and other standards and pronouncements issued by the Saudi Organization for Chartered and Professional Accountants ("SOCPA"); and in compliance with the provisions of the Regulations for Companies in the Kingdom of Saudi Arabia and the by-laws of the Company.

2.2 Basis of measurement and presentation

These financial statements are prepared on a going concern basis under the historical cost convention, except for the following material items in the statement of financial position:

- Investments at fair value through profit or loss ("FVTPL") are measured at fair value;
- Investments at fair value through other comprehensive income ("FVOCI") are measured at fair value;
- Employees' defined benefit obligations are recognised at the present value of future obligations using the projected unit credit method.
- Employees' equity award plan is recognised at the present value of future obligations using the projected unit credit method.

2.3 Functional and presentation currency

These financial statements are presented in Saudi Riyal ("SR"); which represents the functional currency of the Company. All the financial information rounded off to nearest Saudi Riyal except where otherwise indicated.

3. SIGNIFICANT ACCOUNTING POLICIES

The significant accounting policies used in the preparation of these financial statements are consistent with those followed in the preparation of the annual financial statements for the year ended 31 December 2021, in addition, the Company adopted the accounting policies specified in note 3.19 and 3.20.

The following are the significant accounting policies applied by the Company in preparing its financial statements:

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

3.1 Financial instruments

Classification of financial assets depends on the Company's business model for managing its financial assets and the contractual terms of the cash flows. The Company classifies its financial assets as:

- financial assets measured at amortised cost, or
- financial assets measured at fair value

Gains or losses of assets measured at fair value will be recognised either through the statement of comprehensive income or through OCI.

Investments at amortised cost, time deposits, margin client receivables, due from related parties, and other current financial assets are held to collect contractual cash flows and are expected to give rise to cash flows representing solely payments of principal and interests, are measured at amortised cost.

Initial measurement

Financial assets are initially measured at its fair value, plus transaction costs in the case of a financial asset not at fair value through statement of profit or loss. Transaction costs of financial assets carried at fair value through profit or loss are recognised in the statement of comprehensive income. Financial assets with embedded derivatives are considered in their entirety when determining whether their cash flows meet the requirements as solely payment of principal and interest.

Subsequent measurement

Debt instruments

The Company recognises three classifications to subsequently measure its debt instruments:

- *Amortised cost*
  Financial assets held for collection of contractual cash flows where those cash flows represent solely payments of principal and interest (SPPI) are measured at amortised cost. A gain or loss on a debt investment subsequently measured at amortised cost and not part of a hedging relationship is recognised in the statement of comprehensive income when the asset is derecognised or impaired. Special commission income from these financial assets is included in special commission income using the effective interest rate method.

- *Fair Value through Other Comprehensive Income ("FVOCI")*
  Financial assets held for collection of contractual cash flows and for selling the financial assets, where the assets' cash flows represent solely payments of principal and interest, are measured at FVOCI. Movements in the carrying amount are taken through OCI, except for the recognition of impairment gains or losses, special commission income and foreign exchange gains and losses, which are recognised in the statement of comprehensive income. When the financial asset is derecognised, the cumulative gain or loss previously recognised in OCI, is reclassified from equity to the statement of comprehensive income and recognised in other gains / (losses).

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

3.1 Financial instruments (continued)

- *Fair Value through profit or loss ("FVTPL")*
  Financial assets that do not meet the criteria for subsequent recognition at amortised cost or FVOCI, are measured at fair value through profit or loss. A gain or loss on a debt investment that is subsequently measured at fair value through the statement of comprehensive income and which is not part of a hedging relationship is recognised and presented net in the statement of comprehensive income in the year in which it arises.

Equity instruments
The Company subsequently measures all equity investments at fair value. Where the Company's management has elected to present fair value gains and losses on equity investments in OCI, there is no subsequent reclassification of fair value gains and losses to profit or loss following the derecognition of the investment. Dividends from such investments continue to be recognised in profit or loss as other income when the Company's right to receive payments is established.

Changes in the fair value of financial assets at fair value through profit or loss are recognised in profit or loss as applicable. Impairment losses (and reversal of impairment losses) on equity investments measured at FVOCI are not reported separately from other changes in fair value.

De-recognition
A financial asset or a part of a financial asset is de-recognised when:
- The rights to receive cash flows from the asset have expired, or
- The Company has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a 'pass-through' arrangement; and either:
- The Company has transferred substantially all the risks and rewards of the asset, or
- The Company has neither transferred nor retained substantially all the risks and rewards of the asset but has transferred control `of the asset.

Impairment
The Company assesses on a forward looking basis the Expected Credit Losses ("ECL") associated with its debt instruments as part of its financial assets, carried at amortised cost and FVOCI, the ECL is based on a 12-month ECL and life time ECL. The 12-month ECL is the portion of lifetime ECLs that results from default events on a financial instrument that are possible within 12 months after the reporting date. However, when there has been a significant increase in credit risk since origination, the allowance increases in credit risk since origination, the allowance will be based on the lifetime ECL. For investment in sukuks, margin client receivables, due from related parties, and other current financial assets, the Company applies the general approach.

Financial liabilities
The Company classifies its financial liabilities, as held at amortized cost. Amortized cost is calculate by taking into account any discount or premium on issue funds, and costs that are an integral part of the effective interest rate (EIR). Subsequent to initial recognition, financial liabilities are measured at amortized cost, unless they are required to be measured at fair value through profit or loss or an entity has opted to measure a liability at fair value through profit or loss as per the requirements of IFRS 9. The Company derecognizes a financial liability when its contractual obligations are discharged, cancelled or expired.

Offsetting of financial instruments
Financial assets and financial liabilities are offset, and the net amount presented in the statement of financial position when, and only when, the Company currently has a legally enforceable right to set off the amounts and it intends either to settle them on a net basis or to realise the assets and settle the liability simultaneously.

3 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

3.2 Current versus non-current classification

The Company presents assets and liabilities in the statement of financial position based on current / non-current classification. An asset is current when it is:

- Expected to be realized or intended to be sold or consumed in the normal operating cycle.
- Held primarily for the purpose of trading.
- Expected to be realized within twelve months after the reporting period, or
- Cash or cash equivalent unless restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period.

All other assets are classified as non-current.

A liability is current when:

- It is expected to be settled in the normal operating cycle.
- It is held primarily for the purpose of trading.
- It is due to be settled within twelve months after the reporting period, or
- There is no unconditional right to defer the settlement of the liability for at least twelve months after the reporting period.

The Company classifies all other liabilities as non-current.

3.3 Property and equipment

Property and equipment are stated at cost less accumulated depreciation and accumulated impairment losses. Cost includes expenditures that are directly attributable to the acquisition of the asset. Subsequent costs are included in the asset's carrying amount or recognized as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Company and the cost can be measured reliably. Repairs and maintenance costs are charged to the statement of comprehensive income during the year in which they are incurred.

The major categories of property and equipment are depreciated on a straight line basis as follows:

Asset categories	**Useful lives**
Leasehold improvements	Period of lease or 5 years; whichever is shorter
Furniture, fixture and fittings	5 years
Computer and office equipment	4 years
Right of use asset	Period of lease

The Company allocates the amount initially recognized in respect of an item of property and equipment to its significant parts and depreciates separately each such part. The carrying amount of a replaced part is derecognized when replaced. Residual values, method of amortization and useful lives of the assets are reviewed annually and adjusted if appropriate.

Impairment losses and gains and losses on disposals of property and equipment are included in statement of comprehensive income.

Work in progress is stated at cost incurred until the asset is ready for its intended use, thereafter, this cost is capitalised on the related assets. This includes the cost of contractors, materials, services and capital advances. Work in progress is not depreciated.

3 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

3.3 Property and equipment (Continued)

Right of Use Assets
The right of use asset is initially measured at cost, and subsequently at cost less any accumulated depreciation and impairment losses and adjusted for certain re-measurement of the lease liability. Generally, right of use assets would be equal to the lease liability. However, if there are additional costs such as site preparation, non-refundable deposits, application money, other expenses related to transaction etc. need to be added to the right of use assets' value.

The right-of-use asset is subsequently depreciated using the straight-line method from the commencement date to the earlier of the end of the useful life of the right-of-use asset or the end of the lease term. The estimated useful lives of right-of-use assets are determined on the same basis as those of property and equipment

Lease Liability
The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted using the interest rate implicit in the lease, or if that rate cannot be readily determined, the Company's incremental borrowing rate.

After the commencement date, Company measures the lease liability by:
- Increasing the carrying amount to reflect interest on the lease liability.
- Reducing the carrying amount to reflect the lease payments made and;
- Re-measuring the carrying amount to reflect any re-assessment or lease modification.

IFRS 16 stipulates that all leases and the associated contractual rights and obligations should generally be recognized in the Company's Statement of Financial Position, unless the term is 12 months or less or the lease for low value asset. Thus, the classification required under IAS 17 "Leases" into operating or finance leases is eliminated for Lessees. For each lease, the lessee recognizes a liability for the lease obligations incurred in the future. Correspondingly, a right to use the leased asset is capitalized, which is generally equivalent to the present value of the future lease payments plus directly attributable costs and which is amortized over the useful life.

Property and equipment and right of use assets are tested for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs of disposal and value in use.

3.4 Intangible assets

Intangible assets consist of both internally and externally developed software. Expenditures on internally developed software is recognized as an asset when the Company is able to demonstrate its intention and ability to complete the development and use the software in a manner that will generate future economic benefits and can reliably measure the costs to complete the development. The capitalized costs of internally developed software include all costs directly attributable to developing the software and are amortized over its useful life. Internally developed software is stated at capitalized cost less accumulated amortization and impairment, if any.

Intangible assets that are acquired by the Company and have finite lives are measured at cost less accumulated amortization and accumulated impairment losses, if any.

Amortization is recognized in statement of comprehensive income on a straight-line basis over the estimated useful life of the software from the date that it is available for use since this most closely reflects the expected pattern of consumption of the future economic benefits embodied in the asset. The estimated useful life of software is four years. Amortization method, useful lives and residual values are reviewed at each financial year-end and adjusted if appropriate.

3 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

3.4 Intangible assets (continued)

Subsequent expenditures on software assets are capitalized only when it increases the future economic benefits embodied in the specific asset to which it relates. All other expenditures are expensed in the statement of comprehensive income as incurred.

Intangible assets that have an indefinite useful life are not subject to amortization and are tested annually for impairment, or more frequently if events or changes in circumstances indicate that they might be impaired. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount.

3.5 Employee defined benefit obligations

The Company operates a defined benefit scheme for its employees in accordance with labour regulations applicable in the Kingdom of Saudi Arabia. The cost of providing the benefits under the defined benefits plan is determined using the projected unit credit method. Actuarial gains and losses are recognized in full in the period in which they occur in other comprehensive income. Such actuarial gains and losses are also immediately recognized in the retained earnings and are not reclassified to profit or loss in subsequent periods. Re-measurements are not reclassified to profit or loss in subsequent periods.

Interest expense is calculated by applying the discount rate to the net defined benefit liability. The Company recognises the following changes in the net defined benefit obligation under 'salaries and employee related expenses' in the statement of comprehensive income (by nature).

- Service costs comprising current service costs, past-service costs, gains and losses on curtailments and non-routine settlements, and
- Net interest expense or income

The defined benefit asset or liability comprises the present value of the defined benefit obligation, less past service costs and less the fair value of plan assets out of which the obligations are to be settled. However, currently the plan is unfunded and has no assets.

3.6 Accrued expenses

Accrued expenses are recognised initially at fair value and subsequently stated at amortised cost using the effective interest method.

3.7 Zakat

The Company is domiciled in the Kingdom of Saudi Arabia. The Company is subject to Zakat in accordance with the Regulations of the Zakat, Tax and Custom Authority ("ZATCA") as applicable in the Kingdom of Saudi Arabia. The Zakat charge is computed on the Zakat base. An estimate of Zakat arising therefrom is provided by a charge to the statement of comprehensive income.

3.8 Other liabilities

Provisions for restructuring costs, warranties and legal claims are recognized in other liabilities when the Company has a present legal or constructive obligation as a result of past events; it is more likely than not that an outflow of resources will be required to settle the obligation; and the amount can be reliably estimated.

Provisions are measured at management's best estimate of the expenditure required to settle the obligation at the end of the reporting period and are discounted where the effect is material.

3.9 Contingent liabilities

A contingent liability is disclosed where the existence of the obligation will only be confirmed by future events or where the amount of obligations cannot be measured with reasonable reliability. Contingent assets are not recognised but are disclosed where an inflow of economic benefits is probable.

3 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

3.10 Statutory reserve

As per the Company's by-law, 10% of the net income for the year is transferred to the statutory reserve. The Company may resolve to discontinue such transfers when the reserve totals 30% of the share capital. The reserve is not available for distribution.

3.11 Cash and cash equivalents

Cash and cash equivalents include cash on hand, deposits held with banks, and other short-term highly liquid investments with original maturities of three months or less. These deposits are made with reputable banks and financial institutions within the Kingdom of Saudi Arabia having investment grade credit rating.

3.12 Revenue from contracts with customers

The Company generates following revenue streams that are covered under *IFRS 15 Revenue from Contracts with Customers*:
a) Fee and commission income
b) Other operating income

a) Fee and commission income:

Share brokerage service fee income
The performance obligation is satisfied at the point in time at which trade (buy or sell order) is executed by the Client. Hence the Company recognizes the share brokerage service fee income, net of discount, if any, as and when a trade order is executed.

Subscription fees from investment funds
Performance obligation for Subscription fee is assignment of respective Fund units to Investor’s account and considering that this happens as soon as an Approved Subscription Form is executed, therefore the Company rightfully recognizes the revenue against subscription fee at the time of fulfilment of performance obligation.

Management fees from investment funds
Management fees is computed on daily / weekly / monthly / semi-annually (annual % pro-rated for periodic accrual) with reference to periodic net asset value of the fund. The Company’s practice for recognition of management fee is aligned with IFRS 15 since management fee is recognized on an accrual basis against rendering of asset management services that the Company is providing on an on-going basis.

Performance fee from investment funds
Performance fee income based on a fund’s performance, relative to a benchmark or the realised appreciation of fund’s investments, are types of variable consideration. In many cases, these performance fees are highly susceptible to market volatility until they are crystallised or are no longer subject to clawback, which may be after the end of the reporting period.

In case of the Company, effect of clawback does not apply since the Company does not recognized any revenue against performance fee until the end of respective period for testing of benchmark achievement when performance fee is crystallized and recorded as revenue. Analysis of performance fee at the Company reveals that performance fee income recognition at the Company is in accordance five step model in IFRS 15. The Company performs a daily accrual for performance fee based on defined benchmark as a difference between fund growth and benchmark growth. At the end of relevant period (month or quarter) aggregate growth of fund is compared against benchmark and if it is above Benchmark (a positive aggregate figure consolidation daily accruals), then performance fee is recognized, otherwise it is not recognized.

3 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

3.12 Revenue from contracts with customers (continued)

b) Other operating income

Advisory fee income

This relates to income generated by providing financial advisory services to financial institutions, individual and institutional investors. The Company charges financial advisory service fee upon delivery of services or once performance obligation is fulfilled based on the agreement between the Company and the counterparty.

Miscellaneous service income

This relates to income generated from offering miscellaneous financial services to financial institutions. Income is recognized once performance obligation is fulfilled based on the agreement between counterparty and the Company.

3.13 Gains or loss on investments

This relates to net gains or losses on remeasurement of financial assets held at fair value through profit or loss and gains or losses on derecognition of investments held at fair value through profit or loss and investments held at amortised cost.

3.14 Dividend income

Dividend income is recognised in profit or loss on the date when the Company’s right to receive the payment is established.

3.15 Special commission income and expense

Special commission income and expense recognised in the statement of comprehensive income for all profit-bearing financial instruments using the effective interest method.

3.16 Expenses

Marketing expenses are those which specifically relate to promotion and marketing. All other expenses, other than employee's costs, financial charges and expenses allocated by the Company are classified as other general and administrative expenses.

3.17 Bank overdrafts

The bank overdrafts are the open overdraft facility the company has signed with its bank to meet its liquidity and cash management requirements.

3.18 Margin client’s receivables

The margin client’s receivables arise within brokerage business as shariah compliant margin financing. Margin client’s receivables are recognized when cash / limits are advanced to the customer including the related cost. These are derecognized when borrowers repay their obligation or the balance is sold off or written off, or substantially all the risks and rewards of ownership are transferred to other party. A provision is established against the credit losses based on expected credit loss approach of IFRS 9 compliant with general quantification approach requirements for credit losses in general and when there is objective evidence that the company will not be able to collect all or part of the amounts due according to terms of the margin contract as specific provision.

3 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

3.19 Investment In An Associate

An associate is an entity over which the Company has significant influence. Significant influence is the power to participate in the financial and operating policy decisions of the investee, but is not control or joint control over those policies.

The Company's investment in its associate is accounted for using the equity method. Under the equity method, the investment in an associate is initially recognised at cost. The carrying amount of the investment is adjusted to recognise changes in the Company's share of net assets of the associate since the acquisition date.

The statement of comprehensive income reflects the Company's share of the results of operations of the associate. Any change in other comprehensive income ("OCI") of those investees is presented as part of the Company's OCI. In addition, when there has been a change recognised directly in the equity of the associate, the Company recognises its share of any changes, when applicable, in the statement of changes in equity. Unrealised gains and losses resulting from transactions between the Company and the associate are eliminated to the extent of the interest in the associate or joint venture. The aggregate of the Company's share of profit or loss of an associate is shown on the face of the statement of comprehensive income outside operating profit.

The financial statements of the associate are prepared for the same reporting period as the Company. When necessary, adjustments are made to bring the accounting policies in line with those of the Company.

3.20 Employees' Equity Award Plan

The Company has introduced Employees' Equity Award Plan ('EEAP') for selected employees against the services provided by those employees for development of D360. Subject to completion of vesting period employees shall be granted specific number of shares of D360 as per the agreement signed amongst Derayah and the Eligible Employees, however the settlement of shares shall be made after 5 years of lock up period which is referenced from the month in which D360 has obtained registration from the Ministry of Commerce.

The present value of defined benefit obligation is calculated actuarially using Projected Unit Credit (PUC) method. The PUC method involves projection of the accrued benefits of the members till the date of benefits settlement. The projection is done by making an assumption about mortality, attrition, and eligible benefits (per plan). While the projection allows for full service being rendered (barring actuarial assumptions), the future service is not considered in the measurement of DBO, since the Employer's obligation is limited to the benefits earned in exchange for past service rendered during the current year as well as all prior years. The projected benefits are then discounted back to the statement of financial position date using the assumed discount rate.

Current service cost (CSC) is the present value of obligation in respect of the benefit earned during the current year only. It is also determined using the PUC method, as used for the measurement of DBO. CSC is measured at the end of the relevant year, rather than the start of the year. Therefore, it reflects the actual plan experience over the relevant accounting year. The interest on the current service cost is allowed for in the interest cost measurement of current service cost requires that a part of the accrued benefit be attributed to the current period of service. The attribution is done by reference to the plan's benefit formula, which does not lead to higher benefits being allocated during the later parts of any eligible employee's service. The benefit formula spreads the benefits evenly over a member's service, till the time the maximum benefit limit is reached.

4 SIGNIFICANT JUDGEMENTS, ACCOUNTING ESTIMATES AND ASSUMPTIONS

The preparation of the financial statements in conformity with IFRS as endorsed in the KSA and other standards and pronouncements issued by SOCPA requires the use of certain critical accounting judgements, estimates and assumptions that affect the reported amounts of assets and liabilities. It also requires management to exercise its judgement in the process of applying the Company's accounting policies. Such judgements, estimates, and assumptions are continually evaluated and are based on historical experience and other factors, including obtaining professional advices and expectations of future events that are believed to be reasonable under the circumstances.

Significant areas where management has used judgements, estimates and assumptions are as follows:

4.1 Measurement of the expected credit loss allowance

The measurement of the expected credit loss allowance for financial assets measured at amortised cost is an area that requires the use of complex models and significant assumptions about future economic conditions and credit behaviour (e.g. the likelihood of customers defaulting and the resulting losses). Explanation of the input, assumptions and estimation techniques used in measuring ECL is further detailed in note 3.1 Impairment - Financial assets, which also sets out key sensitivities of the ECL to changes in these elements.

4.2 Assumptions for employee defined benefit obligations

Employee benefits represent obligations that will be settled in the future and require assumptions to project these obligations. IFRS requires management to make further assumptions regarding variables such as discount rates, rate of compensation increases and return on assets, mortality rates, employment turnover and future healthcare costs. The management uses an external actuary for performing this calculation. Changes in key assumptions can have a significant impact on the projected benefit obligation and/or periodic employees' benefits incurred costs.

4.3 Assumptions for Employees' Equity Award Plan ('EEAP')

Employees' Equity Award Plan represents obligation in respect of benefits is the amount of future benefit based on number of shares granted to eligible employees in return for their service in the current and prior periods. IFRS requires management to make further assumptions regarding variables such as discount rates, fair value of shares, and rate of attrition. The management uses an external actuary for performing this calculation. Changes in the key assumptions can have a significant impact on the projected service plan.

4.4 Going concern

These financial statements have been prepared on a going concern basis. The Company's management has made an assessment of the Company's ability to continue as a going concern and is satisfied that the Company has the resources to continue in business for the foreseeable future. Furthermore, the management is not aware of any material uncertainties that may cast significant doubt upon the Company's ability to continue as going concern.

5 STANDARDS ISSUED BUT NOT YET EFFECTIVE

New standards, amendments and interpretations adopted in preparation of these financial statements

Below amendments to accounting standards and interpretations became applicable for annual reporting periods commencing on or after 1 January 2022. The management has assessed that the amendments have no significant impact on the Company's financial statements.

- COVID-19 - Related Rent Concessions beyond 30 June 2021 (Amendment to IFRS 16);
- Annual Improvements to IFRS Standards 2018–2020;
- Reference to Conceptual Framework (Amendments to IFRS 3);
- Property, Plant and Equipment: Proceeds before Intended Use (Amendments to IAS 16); and
- Onerous contracts - Cost of Fulfilling a contract (Amendments to IAS 37).

5 STANDARDS ISSUED BUT NOT YET EFFECTIVE (CONTINUED)

New standards and amendments issued but not yet effective and not early adopted

The accounting standards, amendments and revisions which have been published and are mandatory for compliance for the Company's accounting year beginning on or after 1 January 2023 are listed below. The Company has opted not to early adopt these pronouncements.

- Classification of Liabilities as Current or Non-current (Amendments to IAS 1);
- IFRS 17, Insurance Contracts;
- Disclosure of Accounting Policies (Amendments to IAS 1 and IFRS Practice Statement 2);
- Definition of Accounting Estimates (Amendments to IAS 8);
- Deferred Tax related to Assets and Liabilities arising from a Single Transaction (Amendments to IAS 12);

The management of the Company anticipates that the application of these new standards and amendments in the future will not have significant impact on the amounts reported.

(Amounts in Saudi Riyals)

6 PROPERTY AND EQUIPMENT, NET

	Land	**Leasehold improvements**	**Computers and office equipment**	**Furniture, fixtures and fittings**	**Work in Progress**	**Total**
Cost						
As at 1 January 2022	**12,299,352**	**5,372,624**	**37,378,365**	**2,173,988**	**980,865**	**58,205,194**
Additions during the year	**-**	**7,484,058**	**4,453,389**	**-**	**2,362,540**	**14,299,987**
As at 31 December 2022	**12,299,352**	**12,856,682**	**41,831,754**	**2,173,988**	**3,343,405**	**72,505,181**
Accumulated depreciation						
As at 1 January 2022	**-**	**5,179,775**	**24,612,609**	**2,110,612**	**-**	**31,902,996**
Charge during the year	**-**	**161,949**	**4,727,700**	**8,727**	**-**	**4,898,376**
As at 31 December 2022	**-**	**5,341,724**	**29,340,309**	**2,119,339**	**-**	**36,801,372**
Net book value as at 31 December 2022	**12,299,352**	**7,514,958**	**12,491,445**	**54,649**	**3,343,405**	**35,703,809**

	Land	Leasehold improvements	Computers and office equipment	Furniture, fixtures and fittings	Work in Progress	Total
Cost						
As at 1 January 2021	12,299,352	5,372,624	32,443,831	2,100,022	-	52,215,829
Additions during the year	--	--	4,934,534	73,966	980,865	5,989,365
As at 31 December 2021	12,299,352	5,372,624	37,378,365	2,173,988	980,865	58,205,194
Accumulated depreciation						
As at 1 January 2021	-	4,691,566	20,169,623	2,100,022	-	26,961,211
Charge during the year	-	488,209	4,442,986	10,590	-	4,941,785
As at 31 December 2021	-	5,179,775	24,612,609	2,110,612	-	31,902,996
Net book value as at 31 December 2021	12,299,352	192,849	12,765,756	63,376	980,865	26,302,198

6.1 The Company holds a land on which Company has a plan to construct a new head office in the near future. This land is not held for rental or other appreciation purposes.

6.2 The work in progress relates to decor and equipment of head office.

(Amounts in Saudi Riyals)

7 RIGHT-OF-USE ASSETS

	31 December 2022	31 December 2021
Cost		
At the beginning of the year	**13,712,245**	3,655,916
Additions during the year	**1,295,610**	10,056,329
At the end of the year	**15,007,855**	13,712,245
Accumulated depreciation		
At the beginning of the year	**4,921,211**	2,216,045
Charge during the year	**3,103,417**	2,705,166
At the end of the year	**8,024,628**	4,921,211
Net book value		
As at 31 December	**6,983,227**	8,791,034

7.1 The movement of corresponding lease liability is as follows:

Movement in lease liability:

	31 December 2022	31 December 2021
At the beginning of the year	**9,108,363**	934,657
Additions during the year	**1,295,510**	10,056,329
Payments during the year	**(3,725,209)**	(2,474,564)
Finance cost on lease liability	**414,220**	591,941
At the end of the year	**7,092,884**	9,108,363
Current lease liability	**2,004,296**	2,181,079
Non-current lease liability	**5,088,588**	6,927,284

8 INTAGIBLE ASSETS, NET

Intangible assets comprise mainly of internally developed and externally acquired software:

	Work in Progress	Software	Total
Cost			
As at 1 January 2022	**786,938**	**50,942,989**	**51,729,927**
Additions during the year	**168,441**	**2,757,607**	**2,926,048**
As at 31 December 2022	**955,379**	**53,700,596**	**54,655,975**
Accumulated amortization			
As at 1 January 2022	**--**	**37,014,781**	**37,014,781**
Charge during the year	**--**	**4,498,768**	**4,498,768**
As at 31 December 2022	**--**	**41,513,549**	**41,513,549**
Net book value			
As at 31 December 2022	**955,379**	**12,187,047**	**13,142,426**

(Amounts in Saudi Riyals)

8 INTAGIBLE ASSETS, NET (CONTINUED)

	Work in Progress	Software	Total
Cost			
As at 1 January 2021	--	39,962,678	39,962,678
Additions during the year	786,938	10,980,311	11,767,249
As at 31 December 2021	786,938	50,942,989	51,729,927
Accumulated amortization			
As at 1 January 2021	--	33,876,174	33,876,174
Charge during the year	--	3,138,607	3,138,607
As at 31 December 2021	--	37,014,781	37,014,781
Net book value			
As at 31 December 2021	786,938	13,928,208	14,715,145

9 INVESTMENT IN AN ASSOCIATE

The Company holds 20% equity in Bank D360. This comprises of SR 137 million directly invested and SR 193 million contributed by other shareholders as a recognition of the Company's efforts for development of the Bank D360. The Company has determined that it has significant influence over D360 and has accounted for the investment using the equity method (note 3.19). Below is the movement in the carrying value of investment in an associate.

	31 December 2022
Investment during the year	**330,000,000**
Share of loss during the year	**(38,204,200)**
	291,795,800

Summarised financial results of the Bank D360:

	31 December 2022
Total Assets	**1,495,190,000**
Total Liabilities	**(36,211,000)**
Net Assets	**1,458,979,000**
Company's share of net assets (20%)	**291,795,800**
Net loss for the year	**(191,021,000)**
Company's share of net loss (20%)	**(38,204,200)**

10 INVESTMENT AT AMORTISED COST

	31 December	
	2022	2021
Investment at amortized cost (note 10.1)	**22,213,134**	22,410,481
Allowance for credit losses (note 10.2)	**(1,067)**	(3,317)
	22,212,067	22,407,164

(Amounts in Saudi Riyals)

10 INVESTMENT AT AMORTISED COST (CONTINUED)

10.1 The breakup of the investment is as follows;

	Maturity date	31 December 2022	31 December 2021
Current investments at amortized cost			
KSA Sukuk 04-07-2020	25 Jul 2023	**2,535,522**	2,594,332
KSA Sukuk 05-01-2019	24 Oct 2023	**2,535,522**	2,607,183
SAAB Tier II Sukuk	22 Jul 2030	**5,000,000**	5,000,000
KSA Sukuk 05-10-2019	23 Mar 2025	**5,071,046**	5,109,105
KSA Sukuk 06-10-2018	23 Jan 2024	**2,535,522**	2,585,869
KSA Sukuk 05-07-2018	26 Jul 2024	**2,535,522**	2,513,992
BSF Tier 1 Sukuk	03 May 2026	**2,000,000**	2,000,000
		22,213,134	22,410,481

The sukuks are earning commission income at profit rates ranging from 1.6% to 4.5% per annum.

	2022	2021
Sukuks with maturity date of less than 12 months	**5,070,801**	-
Sukuks with maturity date after 12 months	**17,141,266**	22,407,164

10.2 Movement of allowance for credit losses

	31 December 2022	31 December 2021
Balance at the beginning of the year	**3,317**	7,783
Reversal for the year	**(2,250)**	(4,466)
Balance at the end of the year	**1,067**	3,317

11 INVESTMENTS AT FAIR VALUE THROUGH PROFIT OR LOSS

Investments at FVTPL consists of investments in local, regional and international funds and debt security. The movements are set out below:

	31 December 2022		
	Cost	**Unrealized Gain / (loss)**	**Fair Value**
Real estate fund (11.1)	**21,297,025**	**(7,373,533)**	**13,923,492**
Mutual fund (11.1)	**919,530**	**(30,670)**	**888,860**
Total current investments at FVTPL	**22,216,555**	**(7,404,203)**	**14,812,352**
Mutual funds (11.2)	**142,356,077**	**(450,401)**	**141,905,676**
Alinma Bank Tier 1 Sukuk	**7,000,000**	**---**	**7,000,000**
Total non-current investments at FVTPL	**149,356,077**	**(450,401)**	**148,905,676**
Total investments at FVTPL	**171,572,632**	**(7,854,604)**	**163,718,028**

(Amounts in Saudi Riyals)

11 INVESTMENTS AT FAIR VALUE THROUGH PROFIT OR LOSS (CONTINUED)

	31 December 2021		
	Cost	Unrealized Gain / (Loss)	Fair Value
Real estate fund	22,177,411	(880,386)	21,297,025
Total current investments at FVTPL	22,177,411	(880,386)	21,297,025
Mutual funds	82,907,598	2,216,122	85,123,720
Alinma Bank Tier 1 Sukuk	7,000,000	---	7,000,000
Total non-current investments at FVTPL	89,907,598	2,216,122	92,123,720
Total investments at FVTPL	112,085,009	1,335,736	113,420,745

11.1 Investment in real estate fund represents 22,705 units (31 December 2021: 22,705 units) in the Company's managed unlisted Durrat Al Khaleej Real Estate Fund, and investment in 100,000 units (31 December 2021: 100,000 units) in the Company's managed unlisted Derayah Healthcare Fund. Both the funds are treated as current, as these are under liquidation.

11.2 Investment in mutual fund represents the investment in the Company's managed unlisted funds. The investments have been treated as non-current as the funds have termination date of more than one year from the reporting date.

12 INVESTMENT AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME

	31 December 2022		
	Cost	**Unrealized Gain**	**Fair Value**
Derayah REIT Fund (note 12.1)	**32,976,299**	**(6,699,122)**	**26,277,177**

	31 December 2021		
	Cost	Unrealized Gain	Fair Value
Derayah REIT Fund (note 12.1)	26,254,193	6,722,106	32,976,299

12.1 Investments in REIT fund represents 2,596,559 units (31 December 2021: 2,596,559 units) in the Company's managed listed Derayah REIT Fund (a related party).

13 MARGIN CLIENT RECEIVABLES, NET

	31 December	
	2022	2021
Margin client receivables	**90,269,934**	103,851,500
Allowance for expected credit losses (note 13.1)	**(4,415,807)**	(4,439,858)
	85,854,127	99,411,642

(Amounts in Saudi Riyals)

13 MARGIN CLIENT RECEIVABLES, NET (CONTINUED)

13.1 Movement of allowance for expected credit losses

	31 December	
	2022	2021
Balance at the beginning of the year	**4,439,858**	4,415,377
(Reversal) / charge for the year	**(24,051)**	24,481
Balance at the end of the year (note 13.2)	**4,415,807**	4,439,858

13.2 This includes SR 4,402,500 (31 December 2021: SR 4,402,500) held against certain customers.

14 OTHER CURRENT FINANCIAL ASSETS

	31 December	
	2022	2021
Muqassa deposit (note 14.1)	**162,500,000**	**-**
Other receivables	**36,008,637**	13,826,335
Employees loans and advances	**4,922,736**	6,406,490
Due from D360 (14.2)	**-**	146,957,724
Advance paid against investments (note 14.3)	**-**	136,811,184
Allowance for expected credit losses (note 14.4)	**(231,434)**	(13,912)
	203,199,939	303,987,821

14.1 This amount represents deposit with Muqassa. The deposit is maintained through an omnibus client collateral account with Muqassa in compliance of mandatory requirement of the Muqassa clearing procedures.

14.2 This amount relates to establishment of D360 and has been collected during the year ended 31 December 2022.

14.3 The Company had paid SR 136.81 million as an advance against investment in shares of the Bank D360. The Bank has issued the shares in the current year, and these have been accounted for as investment in an associate.

14.3 Movement of allowance for expected credit losses:

	31 December	
	2022	2021
Balance at the beginning of the year	**13,912**	1,011
Charge for the year	**217,522**	12,901
Balance at the end of the year	**231,434**	13,912

(Amounts in Saudi Riyals)

15 BANK BALANCES

	31 December	
	2022	2021
Cash at banks – current accounts, gross	**30,364,323**	94,150,040
Allowance for the expected credit losses (note 15.1)	**(1,215)**	--
Cash at banks – current accounts, net	**30,363,108**	94,150,040

15.1 The bank balance is maintained with local banks having investment grade credit rating.

16 RELATED PARTY TRANSACTIONS AND BALANCES

Related parties of the Company comprise of group companies including its affiliates, its shareholders and funds managed by the Company. The Company and its related parties transact with each other in the ordinary course of business.

Significant transactions and balances arising from transactions with related parties, other than those disclosed elsewhere in the financial statements, are as follows:

		For the year ended 31 December	
Name of related party	***Nature of transaction***	**2022**	2021
Derayah REIT Fund	*Receipts*	**11,513,856**	11,712,124
Derayah REIT Fund	*Management fees*	**8,773,463**	9,039,964
Derayah REIT Fund	*Payment on the behalf of the Fund*	**812,500**	--
Derayah REIT Fund	*Dividend*	**1,817,591**	2,252,697
Derayah Healthcare Fund	*Receipts*	**1,083,002**	1,121,324
Derayah Healthcare Fund	*Management fees*	**964,621**	1,095,061
Derayah Healthcare Fund	*Payment on the behalf of the Fund*	**6,382**	--
Derayah Real Estate Income Fund II	*Management fees*	**--**	205,068
Derayah Real Estate Income Fund III	*Receipts*	**4,479,825**	2,221,502
Derayah Real Estate Income Fund III	*Management fee*	**4,479,825**	4,479,825
Derayah Real Estate Income Fund III	*Transaction fees*	**--**	1,288,765
Derayah Trade Finance Fund SAR	*Management fees and brokerage commission*	**51,355,903**	90,951,630
Derayah Trade Finance Fund SAR	*Payment on the behalf of the Fund*	**22,312**	--
Derayah IPO Fund	*Transaction fees*	--	97,581
Derayah Asia Venture Capital Fund	*Receipts*	**1,647,942**	4,441,261
Derayah Asia Venture Capital Fund	*Management fees*	**2,974,355**	4,441,261
Derayah Venture Capital Fund	*Receipts*	**3,103,531**	--
Derayah Venture Capital Fund	*Management fees*	**1,834,302**	1,985,640
Derayah Venture Capital Fund	*Payment on the behalf of the Fund*	**1,109,129**	--
Derayah Private Fund 10	*Receipts*	**704,083**	--
Derayah Private Fund 10	*Management fees*	**693,080**	539,351
Derayah Free Style Saudi Equity Fund	*Receipts*	**1,254,741**	668,981
Derayah Free Style Saudi Equity Fund	*Management fees*	**1,283,170**	668,981
Derayah Free Style Saudi Equity Fund	*Payment on the behalf of the Fund*	**12,500**	--

(Amounts in Saudi Riyals)

16 RELATED PARTY TRANSACTIONS AND BALANCES (CONTINUED)

		For the year ended 31 December	
Name of related party	***Nature of transaction***	**2022**	2021
Derayah Private Fund 20	*Receipts*	**823,057**	373,721
Derayah Private Fund 20	*Management fees*	**846,642**	373,721
Derayah Private Fund 20	*Payment made on behalf of the Fund*	**--**	44,676
Derayah GCC Fund	*Receipts*	**869,227**	365,100
Derayah GCC Fund	*Management fees*	**866,880**	365,100
Derayah GCC Fund	*Payment on the behalf of the Fund*	**12,500**	--
Durat Al Khalij Real Estate Fund	*Payment made on behalf of the Fund*	**1,300,000**	1,415,000
Talal Al-Yasmin Fund	*Receipts*	**4,091,485**	--
Talal Al-Yasmin Fund	*Management fees*	**1,377,757**	--
Talal Al-Yasmin Fund	*Transaction fees*	**414,273**	2,185,000
Talal Al-Yasmin Fund	*Payment on the behalf of the Fund*	**114,455**	--
AL-Wajiha Al Arabia Fund	*Receipts*	**5,946,570**	--
AL-Wajiha Al Arabia Fund	*Management fees*	**990,994**	--
AL-Wajiha Al Arabia Fund	*Transaction fees*	**2,651,076**	2,300,000
AL-Wajiha Al Arabia Fund	*Payment on the behalf of the Fund*	**4,500**	--
Derayah Global Venture Capital Fund	*Management fees*	**3,221,137**	--
Derayah Global Venture Capital Fund	*Payment made on behalf of the Fund*	**--**	68,556
Derayah Private Equity Fund	*Receipts*	**2,970,246**	--
Derayah Private Equity Fund	*Management fees*	**5,683,401**	65,419
Derayah Private Equity Fund	*Payment made on behalf of the Fund*	**622,149**	--
Derayah Trade Finance Fund USD	*Receipts*	**3,763,932**	3,178,850
Derayah Trade Finance Fund USD	*Management fees*	**4,057,093**	3,178,850
Derayah Retail Fund	*Receipts*	**279,277**	--
Derayah Retail Fund	*Management fees*	**1,171,116**	--
Derayah Retail Fund	*Payment on the behalf of the Fund*	**279,277**	--
Private Fund 813	*Management fees*	**136,944**	--
Private Fund 25	*Management fees*	**7,722**	--
Private Fund 15	*Management fees*	**8,922**	--
Private Fund 15	*Payment on the behalf of the Fund*	**56,884**	--

The summary of compensation to key management personnel for the years are as follows:

	For the year ended 31 December	
	2022	2021
Salaries and employee related benefits	**21,765,212**	31,861,210
Board of Directors remuneration	**1,600,000**	1,750,000

	31 December	
	2022	2021
Due from related parties	**32,968,519**	26,950,108
Allowance for credit losses	**(1,252)**	(3,040)
	32,967,267	26,947,068

(Amounts in Saudi Riyals)

16 RELATED PARTY TRANSACTIONS AND BALANCES (CONTINUED)

16.1 Movement of allowance for expected credit losses

	31 December	
	2022	2021
Balance at the beginning of the year	**3,040**	702
Reversal / charge for the year	**(1,788)**	2,338
Balance at the end of the year	**1,252**	3,040

Balances resulting from transactions with related parties, other than those disclosed elsewhere in the financial statements, are as follows:

		31 December	
	Nature of Balance	**2022**	2021
Related party receivables			
Derayah REIT Fund	*Management fee receivable*	**4,392,924**	4,503,226
Derayah Real Estate Income Fund II	*Management fee receivable*	**1,551,453**	1,551,453
Derayah Real Estate Income Fund III	*Management fee receivable*	**2,258,323**	2,258,323
Durat Al Khalij Real Estate Fund	*Management fee receivable*	**11,865,620**	10,565,620
Derayah Health Care Fund	*Management fee receivable*	**437,172**	549,171
Derayah Venture Capital Fund	*Management fee receivable*	**854,726**	1,014,826
Derayah Private Fund 10	*Management fee receivable*	**45,325**	56,328
Derayah Freestyle Saudi Equity Fund	*Management fee receivable*	**145,061**	104,130
Derayah Asia Venture Capital Fund	*Management fee receivable*	**2,974,355**	1,647,942
Derayah Global Venture Capital Fund	*Management fee receivable*	**3,221,137**	68,556
Derayah Private Fund 20	*Management fee receivable*	**68,241**	44,676
Derayah Private Equity Fund	*Management fee receivable*	**3,400,723**	65,419
Derayah Retail Fund	*Management fee receivable*	**1,171,117**	-
Derayah Private Fund 25	*Management fee receivable*	**7,722**	-
Derayah Trade Finance Fund USD	*Management fee receivable*	**293,161**	-
Derayah GCC Fund	*Management fee receivable*	**78,709**	-
Derayah Private Fund 813	*Management fee receivable*	**136,944**	-
Derayah Trading Finance Fund SAR	*Due from related party*	**-**	35,438
Derayah Private Fund 15	*Due from related party*	**65,806**	-
Talal AlYasmin fund	*Transaction fees*	**-**	2,185,000
AlWajiha Alarabia Fund	*Transaction fees*	**-**	2,300,000
		32,968,519	26,950,108

(Amounts in Saudi Riyals)

17 EMPLOYEE DEFINED BENEFIT OBLIGATIONS

The movement in provision for end-of-service benefits for the years ended as follows:

	For the year ended 31 December	
	2022	2021
Balance at beginning of the year	**18,378,555**	14,880,062
Current service cost	**2,996,414**	2,514,485
Interest cost	**597,303**	446,402
Amount recognized in profit or loss account	**3,593,717**	2,960,887
Remeasurement loss		
Demographic assumptions	**--**	--
Financial assumptions	**--**	--
Experience assumptions	**211,251**	1,106,068
Actuarial losses recognised in OCI	**211,251**	1,106,068
Benefits paid during the year	**(633,495)**	(568,462)
Balance at the end of the year	**21,550,028**	18,378,555

The Company carried out an employee benefits actuarial valuation, using the projected unit credit method, of its liability as at 31 December 2022 arising from the end of service benefits to qualifying in-service employees.

Significant actuarial assumptions
The following were the principal actuarial assumptions:

Key actuarial assumptions	**31 December**	
	2022	2021
Financial assumptions		
Discount rate used	**4.25%**	3.25%
Salary growth rate	**4.25%**	3.25%
Demographic assumptions		
Retirement age	**60**	60

Sensitivity analysis
Reasonably possible changes as to one of the relevant actuarial assumptions, holding other assumptions constant, would have affected the defined benefit obligation. The following is a sensitivity analysis for the salary increase and discount rate assumptions that were performed at the previous and current valuation date:

	31 December	
	2022	2021
Discount rate +1%	**(1,833,383)**	(1,626,380)
Discount rate -1%	**2,117,830**	1,887,492
Long term salary increases +1%	**1,871,664**	1,673,774
Long term salary increases -1%	**(1,659,241)**	(1,477,458)

(Amounts in Saudi Riyals)

18 EMPLOYEES' EQUITY AWARD PLAN ('EEAP')

During the year, the Company has introduced an employee' equity award plan, whereby, the eligible employees that supported the establishment of the Bank D360 are entitled to shares of the Bank D360. Number of eligible employees are 17.

The movement in provision for employees' equity award plan for the year ended as follows:

	For the year ended 31 December 2022
Current service cost	**51,970,109**
Interest cost	**737,912**
Amount recognized in the statement of comprehensive income	**52,708,021**
Balance at the end of the year	**52,708,021**

Key actuarial assumptions	**31 December 2022**
Discount rate used	**5.0%**

Sensitivity analysis
The following is a sensitivity analysis for the fair value change and discount rate assumptions that were performed at current valuation date:

	31 December 2022
Discount Rate +1%	**(115,787)**
Discount Rate -1%	**117,550**
SAR 1 increase in fair value of benefit	**5,555,614**
SAR 1 decrease in fair value of benefit	**(5,555,614)**

19 ACCRUED EXPENSES AND OTHER PAYABLES

	31 December	
	2022	2021
Bonus payable	**27,579,192**	32,934,246
Accounts and other payables	**16,141,332**	22,052,435
Commission payable	**8,420,808**	20,245,823
Accrued salaries and employee benefits	**6,274,624**	5,324,862
VAT payable	**7,135,323**	9,436,576
Current portion of lease liability	**2,004,296**	2,181,079
GOSI Payable	**959,732**	751,801
Provision for office restoration	**50,000**	50,000
	68,565,307	92,976,822

(Amounts in Saudi Riyals)

20 ZAKAT PAYABLE

Movement in provision for zakat during the years ended 31 December 2022 and 2021, is as follows:

	31 December	
	2022	2021
At the beginning of the year	**21,345,385**	14,488,731
Zakat charge for the year (note 20.1 & 20.2)	**15,334,082**	12,788,017
Paid during the year	**(15,384,238)**	(5,931,363)
At the end of the year	**21,295,229**	21,345,385

20.1 Components of zakat base and provision

The significant components of the zakat base under zakat and income tax regulations are principally comprised of equity, provisions at the beginning of year and estimated zakat income, less deductions for the net book value of property, plant and equipment, investments and certain other items.

	31 December	
	2022	2021
Equity	**607,904,688**	279,345,969
Book value of long-term assets	**(327,499,987)**	(35,093,232)
Dividends	**(186,708,651)**	(40,272,533)
	93,696,050	203,980,204
Impact of conversion of Hijri to Gregorian year	**2,911,459**	6,338,368
	96,607,509	210,318,572
Adjusted net income for the year	**394,965,585**	382,800,545
Zakat base	**491,573,094**	593,119,117
Zakat charge for the year @ 2.5%	**12,289,327**	14,827,978

20.2 Status of assessments

The Company has filed its zakat and tax returns for the years since inception and has settled the zakat and tax liability as per the returns. During the year 2020, ZATCA issued an assessment against the years 2014-2018 claiming an additional zakat liability amounting to SR 6.57 million. The Company has filed an appeal against these assessment.

Moreover, during the year 2022, the Company paid SR 1.33 million for the year 2014. The Company has fully provided for the amount in addition to filing an objection with ZATCA.

21 SHARE CAPITAL

	31 December	
	2022	2021
Ordinary share capital (SR 10 per share)	**162,290,130**	161,090,130

Share capital of SR 162 million (2021: SR 161 million) is divided into 16,229,013 shares (2021: 16,109,013 shares) of SR 10 each, which is wholly paid. During the year, the Company issued 120,000 shares from its retained earnings.

22 STATUTORY RESERVES

The Saudi Arabian Regulations for Companies issued on 6 May, 2016 (corresponding to Rajab 28, 1437H) requires companies to set aside 10% of their annual net income to a statutory reserve until such reserve reaches 30% of the share capital. The reserve is not available for distribution to the shareholders of the Company.

23 DIVIDENDS

The Board of Directors, through the power vested by the shareholders, in their meetings held on 17 Ramadhan 1443H (corresponding to 18 April 2022), 4 Thul-Hijjah 1443H (corresponding to 03 July 2022), 10 Rabi’ al-Awwal 1444H (corresponding to 06 October 2022) and 21 Jumada al-Ula 1444H (corresponding to 15 December 2022) approved the interim cash dividend of 15%, 15%, 15% and 70% of share capital at SR 11.50 per share for distribution from the retained earnings. Total cash dividend declared and paid during the year amounted to SR 186,708,651 (2021: SR 40,272,533).

(Amounts in Saudi Riyals)

24 REVENUE FROM CONTRACTS WITH CUSTOMERS

	For the year ended 31 December 2022			
	Brokerage Fees	**Asset Management**	**Advisory Fees**	**Total**
Types of service				
Brokerage services	**379,740,773**	**--**	**--**	**379,740,773**
Asset management services	**--**	**70,189,671**	**--**	**70,189,671**
Advisory services	**--**	**--**	**163,806,472**	**163,806,472**
Total revenue from contracts with customers	**379,740,773**	**70,189,671**	**163,806,472**	**613,736,916**
Timing of revenue recognition				
Services rendered at a point in time	**379,740,773**	**--**	**163,806,472**	**543,547,245**
Services rendered over the time	**--**	**70,189,671**	**--**	**70,189,671**
Total revenue from contracts with customers	**379,740,773**	**70,189,671**	**163,806,472**	**613,736,916**

	For the year ended 31 December 2021			
	Brokerage Fees	Asset Management	Advisory Fees	Total
Types of service				
Brokerage services	510,313,933	--	--	510,313,933
Asset management services	--	64,754,822	--	64,754,822
Total revenue from contracts with customers	510,313,933	64,754,822	--	575,068,755
Timing of revenue recognition				
Services rendered at a point in time	510,313,933	--	--	510,313,933
Services rendered over the time	--	64,754,822	--	64,754,822
Total revenue from contracts with customers	510,313,933	64,754,822	--	575,068,755

(Amounts in Saudi Riyals)

24 REVENUE FROM CONTRACTS WITH CUSTOMERS (CONTINUED)

Performance obligations
Information about the Company's performance obligations are summarised below:

Brokerage services:
This consist of a separate and distinct performance obligation i.e. to act as a broker (agent) in providing trading facility on stock exchange or capital markets to client against the commission. The performance obligation is complete for buy orders when a buy order is executed; and similarly, for a sell order when it is executed on behalf of its principals (clients). Clients can directly place buy/sell order using internet-based trading platform or use Company's phone call or email service for placing orders.

The income is recognized upon execution of related deals / transactions and presented in statement of income net of discounts.

Asset management services:
This consist of a separate and distinct performance obligation i.e. to provide asset management services to the mutual funds under the Company's management. As per the terms and condition of the funds, the management fees is computed on daily / weekly / monthly/ semi-annually (annual % pro-rated for periodic accrual) with reference to periodic net asset value of the fund. The Company's practice for recognition of management fee is aligned with IFRS 15 since management fee is recognized on an accrual basis against rendering of asset management services that the Company is providing on an on-going basis. Performance fees are earned from some arrangements when contractually agreed performance levels are exceeded within specified performance measurement periods, typically over one year. The fees are recognised when they can be reliably estimated and / or crystallised, and there is deemed to be a low probability of a significant reversal in future periods. This is usually at the end of the performance period or upon early redemption by a fund investor. Once crystallised, performance fees typically cannot be clawed-back.

Advisory services:
This represents compensation of SR 193 million received on account of successful establishment of the Bank D360. The Company has recorded SR 164 million gain out of SR 193 million as the performance obligation has been met during the year. Remaining SR 29 million has been recorded as an unearned revenue as the performance obligation is yet to be met.

Geographical distribution
The Company generates all its revenue from the Kingdom of Saudi Arabia.

25 SPECIAL COMMISSION INCOME

	For the year ended 31 December	
	2022	2021
Special commission income earned from:		
- Financial institutions	**34,296,018**	7,794,636
- Investments	**924,537**	599,544
	35,220,555	8,394,180

26 (LOSS) / GAIN ON INVESMENTS, NET

	For the year ended 31 December	
	2022	2021
Unrealized (loss) / gain on investments at fair value through profit or loss, net	**(7,854,604)**	1,335,736
Realized gain on investments at fair value through profit or loss, net	**2,539,660**	1,826,765
	(5,314,944)	3,162,501

(Amounts in Saudi Riyals)

27 SALARIES AND EMPLOYEE RELATED EXPENSES

	For the year ended 31 December	
	2022	2021
Salaries and employee related expenses	**97,163,680**	92,301,583
GOSI expense	**4,250,231**	3,472,310
End of service benefit	**2,996,414**	2,514,485
Employees' Equity Award Plan	**52,708,021**	-
	157,118,346	98,288,378

28 OTHER GENERAL AND ADMINISTRATIVE EXPENSES

		For the year ended 31 December	
	Note	**2022**	2021
Professional expenses		**32,458,235**	23,948,622
Value Added Tax	*28.1*	**31,393,502**	2,609,426
Commission expenses		**13,678,681**	51,245,444
IT expenses		**14,758,808**	14,063,239
Depreciation	*6,7*	**8,001,793**	7,646,951
Utilities		**6,741,446**	5,644,461
Amortization	*8*	**4,498,768**	3,138,607
Office expenses		**2,343,866**	1,905,455
Finance charges		**2,097,728**	1,264,436
Office maintenance		**1,502,717**	1,730,312
		117,475,544	113,196,953

28.1 This includes SR 29 million VAT charged on the SR 193 Million pertaining to compensation received on account of successful establishment of the Bank D360.

29 ALLOWANCE FOR EXPECTED CREDIT LOSSES

Following is the breakup of allowance for expected credit losses as at 31 December:

		31 December	
	Note	**2022**	2021
Margin client receivables	*13*	**4,415,807**	4,439,858
Other current financial asset	*14*	**231,434**	13,912
Due from related parties	*16*	**1,252**	3,040
Bank balances	*15*	**1,215**	--
Investment at amortised cost	*10*	**1,067**	3,317
		4,650,775	4,460,127

29.1 Movement in allowance for expected credit losses during the year is as follows:

	For the year ended 31 December	
	2022	2021
At the beginning of the year	**4,460,127**	4,424,873
Charge for the year, net	**190,648**	35,254
At the end of the year	**4,650,775**	4,460,127

(Amounts in Saudi Riyals)

30 OTHER (EXPENSES) / INCOME

	For the year ended 31 December	
	2022	2021
Foreign exchange (loss) / gains, net	**(1,143,430)**	5,349,389
Price Streamer Fees & Advisory	**815,337**	1,633,867
	(328,093)	6,983,256

31 EARNINGS PER SHARE

The calculation of basic earnings per share has been based on the following profit attributable to ordinary shareholders and weighted-average number of ordinary shares outstanding. The diluted earnings per share is the same as the basic earnings per share.

	31 December	
	2022	2021 (Restated)
Income for the year	**307,509,453**	365,479,072
Weighted average number of ordinary shares	**16,229,013**	16,229,013
Basic and diluted, earnings per share	**18.95**	22.52

32 FINANCIAL ASSETS AND FINANCIAL LIABILITIES

Set out below is an overview of financial assets, other than cash and cash equivalents, held by the Company:

	31 December	
	2022	2021
Financial assets at amortised cost		
Investment at amortised cost	**22,212,067**	22,407,164
Due from related parties	**32,967,267**	26,947,068
Margin client receivables, net	**85,854,127**	99,411,642
Other current financial assets	**203,199,939**	157,044,049
Financial assets at fair value through OCI		
Investment in a public managed fund – REIT	**26,277,177**	32,976,299
Financial assets at fair value through profit or loss		
Investment in privately managed funds	**156,718,028**	106,420,745
Alinma Bank Tier 1 Sukuk	**7,000,000**	7,000,000
Investment in associate	**291,795,800**	--
Other current financial assets	**--**	146,943,772
Total financial assets	**826,024,405**	599,150,739
Total current	**341,904,486**	451,643,556
Total non-current	**484,119,919**	147,507,183

(Amounts in Saudi Riyals)

32 FINANCIAL ASSETS AND FINANCIAL LIABILITIES (CONTINUED)

Set out below is an overview of financial liabilities held by the Company:

	31 December	
	2022	2021
Financial liabilities at amortised cost		
Lease liability	**7,092,884**	9,108,363
Accrued expenses and other payables	**66,561,011**	90,795,743
Total financial liabilities	**73,653,895**	99,904,106
Total current liabilities	**68,565,307**	92,976,822
Total non-current liabilities	**5,088,588**	6,927,284

33 FAIR VALUE HIERARCHY

The following table provides the fair value measurement hierarchy of the Company's financial assets as at 31 December 2022 and 31 December 2021 which are measured at fair value. There are no financial liabilities measured at fair value.

	31 December			
	Total	**(Level 1)**	**(Level 2)**	**(Level 3)**
At 31 December 2022				
Financial assets measured at fair value				
Investments at FVTPL	**163,718,028**	**--**	**159,231**	**163,558,797**
Investments at FVOCI	**26,277,177**	**26,277,177**	**--**	**--**
Other current financial assets	**--**	**--**	**--**	**--**
As at 31 December 2021				
Financial assets measured at fair value				
Investment at FVTPL	113,420,745	--	165,732	113,255,013
Investment at FVOCI	32,976,299	32,976,299	--	--
Other current financial assets	146,943,722	--	--	146,943,722

There were no transfers between levels during the year ended 31 December 2022 and 31 December 2021. As at the reporting date, the carrying values of the financial assets not measured at fair value including investment at amortized cost, due from related parties and receivable against margin lending and other current financial assets approximate their fair values, since the market commission rates for similar instruments are not significantly different from contracted rates, and due to short duration of financial instruments. An active market for these instruments is not available and the Company intends to realize the carrying value of these financial instruments through settlement with the counter party at the time of their respective maturities. Mutual fund investments at FVTPL are classified under Level 2 for public funds and Level 3 for private funds depending on whether net asset value of the funds is published on a stock exchange. The valuations for mutual funds are generally derived from the net asset values of the funds.

All financial instruments for which fair value is recognised or disclosed are categorised within the fair value hierarchy, based on the lowest level input that is significant to the fair value measurement, as follows:

33 FAIR VALUE HIERARCHY (CONTINUED)

Level 1 Quoted (unadjusted) market prices in active markets for identical assets or liabilities.

Level 2 Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable.

Level 3 Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable.

34 FINANCIAL RISK AND MANAGEMENT OBJECTIVES AND POLICIES

Introduction
The Company's objective in managing risk is the creation and protection of shareholder value. Risk is inherent in the Company's activities, but it is managed through a process of ongoing identification, measurement, and monitoring, subject to risk limits and controls. The process of risk management is critical to the Company's continuing profitability. The Company is exposed to various risks such as market risk (which includes interest rate risk, currency risk and, price risk), liquidity risk, credit risk and investment holding period risk arising from the financial instruments it holds.

Risk management structure
The Company's Board of Directors has overall responsibility for the establishment and oversight of the Company's risk management framework. These risk management policies are established to identify and analyse the risks faced by the Company, to set appropriate risk limits and controls and to monitor risks and adherence to limits. Risk management policies and systems are reviewed regularly to reflect changes in market conditions and the Company's activities.

The Company, through its training and management standards and procedures, aims to maintain a disciplined and constructive control environment in which all employees understand their roles and obligations.

The Board of Directors has established an appropriate Risk Management structure by creating a Risk and Compliance Committee which meets quarterly and receive reports from a dedicated Risk Management function. Day-to-day risk management activities are managed within each respective business unit. The Risk and Compliance Committee meets quarterly and is updated on all relevant aspects of the business, including risk management matters.

The Company has exposure to the following risks arising from financial instruments:
- Market risk
- Credit risk
- Liquidity risk
- Operational risk

Risk measurement and reporting system
The Company's risks are measured using a method that reflects both the expected loss likely to arise in normal circumstances and unexpected losses that are an estimate of the ultimate actual loss based on statistical models. The models make use of the probabilities derived from historical experience, adjusted to reflect the economic environment.

Monitoring and controlling risks is primarily set up to be performed based on limits established by the Board of Directors. These limits reflect the business strategy, including the risk that the Company is willing to accept and the market environment of the Company. In addition, the Company monitors and measures the overall risk in relation to the aggregate risk exposure across all risks type and activities.

(Amounts in Saudi Riyals)

34 FINANCIAL RISK AND MANAGEMENT OBJECTIVES AND POLICIES (CONTINUED)

Risk mitigation
The Company has investment guidelines that set out its overall business strategies, its tolerance for risk and its general risk management philosophy.

The Company adopts diversification strategy with predefined investment guidelines for investment instruments this mitigates risks and stabilizes the return on investments.

Excessive risk concentration
Concentration indicates the relative sensitivity of the Company's performance to developments affecting a industry or geographical location. Concentrations of risk arise when a number of financial instruments or contracts are entered into with the same counterparty, or where a number of counterparties are engaged in similar business activities, or activities in the same geographical region, or have similar economic features that would cause their ability to meet contractual obligations to be similarly affected by changes in economic, political or other conditions. Concentrations of liquidity risk may arise from the repayment terms of financial liabilities, sources of borrowing facilities or reliance on a particular market in which to realise liquid assets. Concentrations of foreign exchange risk may arise if the Company has a significant net open position in a single foreign currency, or aggregate net open positions in several currencies that tend to move together.

In order to avoid excessive concentrations of risk, the Company's policies and procedures include specific guidelines to focus on maintaining a diversified portfolio. The investment manager is instructed to reduce exposure or to use alternative investment instruments to manage excessive risk concentrations when they arise

Credit risk
Credit risk refers to the risk that a party to a financial instrument will default on its contractual obligations resulting in financial loss to the Company. The Company has adopted a policy of only dealing with creditworthy counterparties, for whom the credit risk is assessed to be satisfactory. The Company attempts to control credit risk by monitoring credit exposures, limiting transactions with specific non-related counterparties, and continually assessing the creditworthiness of such non-related counterparties. The Company maintains bank accounts with high credit rated financial institutions. The prevailing economic conditions do require the Company to continue to revise certain inputs and assumptions used for the determination of ECL. These primarily revolve around adjusting macroeconomic factors used by the Company in the estimation of ECL.

The table below shows the Company's maximum exposure to credit risk for components of the statement of financial position.

	31 December	
	2022	2021
Bank balances	**30,363,108**	94,150,040
Investment in sukuk	**22,212,067**	29,407,164
Margin client receivables, net	**85,854,127**	99,411,642
Due from related parties	**32,967,267**	26,947,068
Other current financial assets	**203,199,939**	303,987,821
Investment in a public managed fund – REIT	**26,277,177**	32,976,299
Investment in privately managed funds	**163,718,028**	106,420,745
	564,591,713	693,300,779

(Amounts in Saudi Riyals)

34 FINANCIAL RISK AND MANAGEMENT OBJECTIVES AND POLICIES (CONTINUED)

Analysis of credit quality
The Company has debt securities with counterparties having the following credit quality:

Issuer	Credit rating (As per international credit rating agency)	31 December 2022	31 December 2021
SAAB Tier II Sukuk	A2 / BBB+	**5,000,000**	4,999,436
KSA Sukuk 05-10-2019	A1	**5,071,046**	5,108,529
KSA Sukuk 05-01-2019	A1	**2,535,522**	2,606,889
KSA Sukuk 06-10-2018	A1	**2,535,522**	2,585,577
KSA Sukuk 05-07-2018	A1	**2,535,522**	2,513,708
KSA Sukuk 04-07-2020	A1	**2,535,522**	2,594,039
BSF Tier 1 Capital Sukuk	A2 / BBB+	**2,000,000**	1,999,774
Alinma Tier 1 Capital Sukuk	BBB+	**7,000,000**	7,000,000
		29,213,134	29,407,952

As at the reporting date, the Company's debt securities exposures were concentrated in the following economic sectors:

	31 December 2022	31 December 2021
Banks	**29,213,134**	29,407,952

Amounts arising from ECL
Impairment on money market securities, investments at amortized cost, marginal client receivables and other assets has been measured on a life-time expected loss basis. The Company considers that these exposures have low credit risk based on the external credit ratings of the counterparties.

12-month and lifetime probabilities of default are based on the approved ECL Methodology and impairment policy of the Company. Loss given default parameters generally reflect an assumed recovery rate which are linked to the composite credit ratings of the counterparties. However, if the asset were credit-impaired, then the estimate of loss would be based on a specific assessment of expected cash shortfalls and on the original effective interest rate.

The Company has recorded expected credit loss on money market placements, investments at amortized cost and other assets amounting to SR 4,650,775 as at 31 December 2022 (31 December 2021 SR 4,460,127)

Cash and cash equivalents
Credit risk on cash and cash equivalents is limited as these are held with banks with investment grade ratings.

Other financial assets
Other financial assets include dividend receivable. Credit risk attached to other financial assets is not significant and the Company expects to recover these fully at their stated carrying amounts.

34 FINANCIAL RISK AND MANAGEMENT OBJECTIVES AND POLICIES (CONTINUED)

Credit concentration
Concentration of credit risk arises when a number of counter-parties are engaged in similar business activities, or activities in the same geographic region, or have similar economic features that would cause their ability to meet contractual obligations to be similarly affected by changes in economic political or other conditions.

No significant concentrations of credit risk were identified by the management as at the reporting date.

The management has conducted an assessment as required under IFRS 9 and based on such assessment, the management has recorded the allowance for expected credit losses against the carrying value of bank balances, margin client receivables, due from related parties and other current financial assets.

Liquidity risk
Liquidity risk is the risk that the Company will encounter difficulty in raising funds to meet commitments associated with financial instruments. Liquidity risk may result from an inability to sell a financial asset quickly at an amount close to its fair value. Liquidity risk is managed by ensuring that enough funds are always available from operations to meet any future commitments, and financing facilities are available.

The following are the remaining contractual maturities of financial Assets and financial liabilities at the reporting date. The amounts are gross and undiscounted and include contractual interest payments:

	On Demand	**Within 3 months**	**3 months to 1 year**	**Above 1 year**	**No fixed maturity**	**Total**
31 December 2022						
Financial Liabilities						
Lease liability	**--**	**--**	**2,004,296**	**5,088,588**	**--**	**7,092,884**
Accrued expenses and other payables	**--**	**62,240,683**	**4,270,328**	**--**	**50,000**	**66,561,011**
Total financial liabilities	**--**	**62,240,683**	**6,274,624**	**5,088,588**	**50,000**	**73,653,895**

	On Demand	Within 3 months	3 months to 1 year	Above 1 year	No fixed maturity	Total
31 December 2021						
Financial Liabilities						
Lease liability	--	--	2,181,079	6,927,284	--	9,108,363
Accrued expenses and other payables	--	87,601,960	3,143,783	--	50,000	90,795,743
Total financial liabilities	--	87,601,960	5,324,862	6,927,284	50,000	99,904,106

Market risk
Market risk is the risk that the fair value or future cash flows of financial instruments will fluctuate due to changes in market variables such as interest rates, foreign exchange rates and equity prices. The maximum risk resulting from financial instruments equals their fair value. The objective of market risk management is to manage and control market risk exposures within acceptable parameters while optimizing the return.

Foreign exchange risk
Foreign exchange risk is the risk that the value of a financial instrument will fluctuate due to changes in foreign exchange rates. The Company's transactions are principally in Saudi Riyals. Transactions in other foreign currencies are not material.

34 FINANCIAL RISK AND MANAGEMENT OBJECTIVES AND POLICIES (CONTINUED)

Interest risk
Interest rate risk arises from the possibility that changes in interest rates will affect future cash flows or the fair values of financial instruments. The Board of Directors has established limits on the special commission gaps for stipulated periods. Company's investments in sukuks carry fixed interest rates and mature within five years.

Equity price risk
Equity price risk is the risk of unfavourable changes in the fair values of equity instruments as the result of changes in the value of individual shares. The equity price risk exposure arises from the Company's investments in equity securities. The Company's investments are susceptible to market price risk arising from uncertainties about future prices. The investment manager manages this risk through diversification of its investment portfolio in terms of geographical distribution and/or industry concentration.

Sensitivity analysis
The table below sets out the effect on profit or loss and other comprehensive income of a reasonably possible weakening / strengthening in the individual equity market prices by 5% at reporting date. The estimates are made on an individual investment basis. The analysis assumes that all other variables, commission and foreign currency rates, remain constant.

	31 December			
Effect on profit and loss		**2022**		2021
		SR		SR
Net gain / loss on investments held at FVTPL	**+ 5%**	**392,730**	+ 5%	66,787
	- 5%	**(392,730)**	- 5%	(66,787)

	31 December			
Effect on other comprehensive income		**2022**		2021
		SR		SR
Net gain / loss on investments held at FVOCI	**+ 5%**	**1,149**	+ 5%	170,190
	- 5%	**(1,149)**	- 5%	(170,190)

Concentration of equity price risk
Fund's equity portfolio, measured at FVTPL and FVOCI, by geographical distribution (based on counterparties' place of primary listing or, if not listed, place of domicile) is held 100% in the Kingdom of Saudi Arabia.

Company's concentration of equity price risk in the portfolio:

% of equity securities and units in managed funds

	31 December	
	2022	2021
REIT Funds	**14%**	24%
Unlisted Funds	**86%**	76%

Currency risk
Currency risk is the risk that the value of financial instruments will fluctuate due to changes in foreign exchange rates. The Company does not have any significant exposure to currency risk as all its significant monetary assets and monetary liabilities are denominated in Saudi Riyals. The Company did not undertake significant transactions in currencies other than Saudi Riyals and US dollars during the year.

(Amounts in Saudi Riyals)

35 SEGMENTAL REPORTING

The Company is organized into the following major business segments:

Brokerage
The brokerage division provides brokerage services and facilitates in trading in local and international, and regional equities, options, indices and Islamic certificates.

Asset Management
Fees from asset management of discretionary portfolio, funds, real estate management, and alternative investments.

Murabaha
Special commission income from Murabaha.

Investment
The investment division is engaged in managing the proprietary investments of the Company, mainly represents investment in funds managed by the Company.

Advisory
Advisory relates to the services offered for establishment of Bank D360.

The Company's total assets and liabilities, operating income and expenses, and net income, by business segments, are as follows:

31 December 2022	**Brokerage**	**Asset management**	**Murabaha**	**Investment**	**Advisory**	**Total**
Total assets	**322,863,382**	**59,676,695**	**52,575,175**	**481,791,005**	**-**	**916,906,257**
Total liabilities	**41,021,981**	**7,582,328**	**6,680,032**	**61,214,811**	**82,090,365**	**198,589,517**
Total operating income	**379,740,773**	**70,189,671**	**35,220,555**	**(3,497,353)**	**163,806,472**	**645,460,118**
Operating expenses	**(71,268,884)**	**(13,173,037)**	**(11,605,448)**	**(106,350,578)**	**(81,686,343)**	**(284,084,290)**
Other expense	**(904,105)**	**576,012**	**-**	**-**	**-**	**(328,093)**
Share of loss in an associate	**-**	**-**	**-**	**(38,204,200)**	**-**	**(38,204,200)**
Net income before zakat	**307,567,784**	**57,592,646**	**23,615,107**	**(148,052,131)**	**82,120,129**	**322,843,535**

31 December 2021	Brokerage	Asset management	Murabaha	Investment	Advisory	Total
Total assets	426,926,496	54,173,613	116,557,204	146,397,044	-	744,054,357
Total liabilities	80,116,340	10,166,133	21,872,938	27,472,635	-	139,628,046
Total operating income	510,313,933	64,754,822	8,394,180	5,415,198	-	588,878,133
Other income	5,349,389	1,633,867	-	-	-	6,983,256
Operating expenses	(124,852,131)	(15,842,753)	(34,086,466)	(42,812,950)	-	(217,594,300)
Net income before zakat	390,811,191	50,545,936	(25,692,286)	(37,397,752)	-	378,267,089

35 SEGMENTAL REPORTING (CONTINUED)

The Company's assets, liabilities, and operations are entirely in Saudi Arabia.

35.1 Reconciliation of total operating income to revenue from contract with customers:

	31 December	
	2022	2021
Total operating income	**645,460,118**	588,878,133
Adjustment for:		
- *Special commission income other than from customers*	**(35,220,555)**	(8,394,180)
- *Net gain on financial assets at fair value through profit or loss*	**5,314,944**	(3,162,501)
- *Dividend income*	**(1,817,591)**	(2,252,697)
Revenue from contract with customers	**613,736,916**	575,068,755

36 CAPITAL REGULATORY REQUIREMENTS AND CAPITAL ADEQUACY RATIO

The CMA has issued Prudential Rules (the "Rules") dated 17 Safar 1434H (corresponding to 30 December 2012). According to the Rules, the CMA has prescribed the framework and guidance regarding the minimum regulatory capital requirement and its calculation methodology as prescribed under these Rules. In accordance with this methodology, the Company has calculated its minimum capital required and capital adequacy ratios as follows:

	31 December	
	2022	2021
Capital base:	**SAR (000)**	SAR (000)
Tier 1 Capital	**705,151**	582,777
Tier 2 Capital	**23**	6,722
Total Capital base	**705,174**	589,499
Minimum capital requirement:		
Credit risk	**409,186**	365,396
Market risk	**1,001**	380
Operational risk	**75,582**	54,399
Total minimum capital required	**485,769**	420,175
Capital adequacy ratio:		
Total Capital ratio (times)	**1.45**	1.40
Surplus in the Capital	**219,406**	169,324

Capital Base of the Company comprises of:

- Tier-1 capital consists of paid-up share capital, retained earnings, reserves excluding revaluation reserves as per Article 4 of the Rules.
- Tier-2 capital consists of revaluation reserves as per Article 4 of the Rules.

36 CAPITAL REGULATORY REQUIREMENTS AND CAPITAL ADEQUACY RATIO (CONTINUED)

The Minimum Capital Requirements for Market, Credit & Operational Risk are calculated as per the requirements specified in Part 3 of the Rules.

The Company is required to maintain adequate capital as specified in the Rules. The capital adequacy ratio shall not be less than 1.

Certain information as required by Pillar III of the Prudential Rules will be made available to the public on the Company's website, however, this information is not subject to review or audit by the external auditors of the Company.

The Company's business objectives when managing capital adequacy is to comply with the capital requirements set forth by the CMA to safeguard the Company's ability to continue as a going concern, and to maintain a strong capital base.

37 ASSETS UNDER MANAGEMENT

The Company manages investment portfolios and mutual funds on behalf of its customers, which amounts to SR 6,945 million as at 31 December 2022 (31 December 2021: SR 6,453 million). Such balances are not included in the Company's financial statements as these are held by the Company in fiduciary capacity.

38 SUBSEQUENT EVENT

The new Companies Law issued through Royal Decree M/132 on 01 Thul-Hijjah 1443H (corresponding to 30 June 2022) (hereinafter referred as "the Law") came into force on 26 Jumada al-Alkhirah 1444 H (corresponding to 19 January 2023). For certain provisions of the Law, full compliance is expected not later than two years from 26 Jumada al-Alkhirah 1444H (corresponding to 19 January 2023). The management is in process of assessing the impact of the New Companies Law and will amend its by-laws for any changes to align the by-laws to the provisions of the Law. Consequently, the Company shall present the amended by-laws to the shareholders in their Extraordinary / Annual General Assembly meeting for their ratification.

There were no subsequent events after the statement of financial position date, other than already disclosed, which require adjustments to / or disclosure in the financial statements.

39 COMPARATIVE FIGURES

Certain comparative numbers has been re-classified, re-arranged or additionally incorporated in these financial statements wherever necessary to facilitate comparison and better presentation.

40 APPROVAL OF THE FINANCIAL STATEMENTS

The financial statements have been approved by the Board on 23 March 2023 (corresponding to 1 Ramadan 1444).