DERAYAH FINANCIAL COMPANY
(A Saudi Closed Joint Stock Company)
CONSOLIDATED FINANCIAL STATEMENTS
For the year ended 31 December 2024
together with the
INDEPENDENT AUDITOR'S REPORT

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

Headquarters in Riyadh

شركة كي بي إم جي للاستشارات المهنية مساهمة مهنية
واجهة روشن، 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 (A Saudi Closed Joint Stock Company)

Opinion

We have audited the consolidated financial statements of Derayah Financial Company ("the Company") and its subsidiary ("the Group"), which comprise the consolidated statement of financial position as at 31 December 2024, the consolidated statements of profit or loss and other comprehensive income, changes in equity and cash flows for the year then ended, and notes to the consolidated financial statements, comprising material accounting policies and other explanatory information.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Group as at 31 December 2024, and its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with 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 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 Consolidated Financial Statements* section of our report. We are independent of the Group 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 consolidated 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 consolidated financial statements of the current period. These matters were addressed in the context of our audit of the consolidated 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 (A Saudi Closed Joint Stock Company) (continued)

Valuation of investments in unquoted equity instruments held at fair value through profit of loss

See note 4.7 to the consolidated financial statements for the accounting policy relating to fair value measurement and note 12 for the related disclosure.

The key audit matter	How the matter was addressed in our audit
As at 31 December 2024, the Group has investments in unquoted equity instruments which are classified at FVTPL with a total carrying value of SR 123 million. We identified assessing the fair value of the Group's investments in unquoted equity securities as the key audit matter due to degree of complexity involved in valuing these financial instruments and the significance of the judgements and estimates made by the management.	Our audit procedures included the following: • We obtained an understanding of the process adopted by the management to determine the fair value of unquoted equity instruments. • We assessed the design and implementation of controls over valuation of unquoted equity instruments. • We engaged our own valuation specialist to corroborate and challenge key assumptions and judgements and create an independent expectation using comparable market companies to test the fair value of these unquoted equity instruments and compared with the valuation outcome determined by the management. • We assessed the adequacy of disclosures in the consolidated financial statements in terms of applicable accounting standards.

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 consolidated 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 consolidated 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 consolidated 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 consolidated financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

When we read the annual report, when 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.

Independent Auditor's Report

To the Shareholders of Derayah Financial Company (A Saudi Closed Joint Stock Company) (continued)

Responsibilities of Management and Those Charged with Governance for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with IFRS that are endorsed in the Kingdom of Saudi Arabia and other standards and pronouncements issued by SOCPA, the applicable requirements of the Regulations for Companies and Company's By-laws and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, management is responsible for assessing the Group'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 Group 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 Group's financial reporting process.

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated 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 consolidated 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 consolidated 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.
- 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 Group'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 Group'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 consolidated 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 Group to cease to continue as a going concern.

Independent Auditor's Report

To the Shareholders of Derayah Financial Company (A Saudi Closed Joint Stock Company) (continued)

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

- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Plan and perform the group audit to obtain sufficient appropriate audit evidence regarding the financial information of the entities or business units within the Group as a basis for forming an opinion on the consolidated financial statements. We are responsible for the direction, supervision and review of the audit work performed for purposes 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 Derayah Financial Company and its subsidiary.

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 consolidated 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 Company

كي . بي . إم . جي للإستشارات المهنية
Lic No. 46
C.R. 1010425494
R : 2
KPMG
ترخيص رقم ٤٦
س.ت ١٠١٠٤٢٥٤٩٤
KPMG Professional Services

Hani Hamzah A. Bedairi
License No: 460

Riyadh, 23 March 2025
Corresponding to: 23 Ramadan 1446H

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 31 December

(Amounts in Saudi Riyals)

	Notes	2024	2023
ASSETS			
NON-CURRENT ASSETS			
Property and equipment, net	6	**99,880,882**	38,176,641
Right-of-use assets, net	7	**4,751,275**	4,944,683
Intangible assets, net	8	**16,840,837**	15,343,604
Investment property, net	9	**73,396,453**	--
Investment in an associate	10	**191,228,200**	263,852,000
Investments at amortised cost, net	11	**46,196,876**	25,229,705
Investments at fair value through profit or loss	12	**322,207,781**	165,585,652
Investments at fair value through other comprehensive income	13	**15,345,664**	21,421,612
TOTAL NON-CURRENT ASSETS		**769,847,968**	534,553,897
CURRENT ASSETS			
Due from funds under management, net	17	**36,281,707**	47,351,328
Margin client receivables, net	14	**65,988,156**	75,317,730
Prepayments		**4,669,399**	8,175,031
Other current financial assets, net	15	**263,519,143**	324,551,231
Investments at fair value through profit or loss	12	**16,127,945**	25,921,623
Investments at amortised cost, net	11	**5,007,926**	5,004,980
Cash and cash equivalents, net	16	**65,057,236**	20,888,231
TOTAL CURRENT ASSETS		**456,651,512**	507,210,154
TOTAL ASSETS		**1,226,499,480**	1,041,764,051
LIABILITIES AND EQUITY			
NON-CURRENT LIABILITIES			
Employees' defined benefit obligations	18	**25,177,923**	24,968,100
Employees' Equity Award Plan ('EEAP')	19	**60,216,465**	57,953,547
Unearned revenue	20	**29,382,344**	29,382,344
Lease liability – non-current portion	7	**2,269,974**	3,220,934
TOTAL NON-CURRENT LIABILITIES		**117,046,706**	115,524,925
CURRENT LIABILITIES			
Accrued expenses and other payables	21	**127,085,436**	90,287,696
Zakat payable	22	**24,567,036**	24,143,322
TOTAL CURRENT LIABILITIES		**151,652,472**	114,431,018
TOTAL LIABILITIES		**268,699,178**	229,955,943
EQUITY			
Share capital	23	**499,470,390**	162,290,130
Statutory reserve	24	**48,687,039**	48,687,039
Fair value reserves		**(10,908,529)**	(4,832,581)
Other reserves	25	**(8,338,912)**	(8,167,870)
Shareholders' contribution	26	**14,130,000**	--
Treasury share reserve	27	**(14,130,000)**	--
Retained earnings		**428,890,314**	613,831,390
TOTAL EQUITY		**957,800,302**	811,808,108
TOTAL LIABILITIES AND EQUITY		**1,226,499,480**	1,041,764,051

Chairman **Chief Executive Officer** **Chief Financial Officer**

The attached notes 1 to 47 form an integral part of these consolidated financial statements.

DERAYAH FINANCIAL COMPANY
(A SAUDI CLOSED JOINT STOCK COMPANY)

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
For the years ended 31 December
(Amounts in Saudi Riyals)

	Notes	2024	2023
OPERATING INCOME			
Revenue from contract with customers	29	**635,125,074**	470,033,491
Special commission income including on client money accounts	30	**203,481,660**	135,614,978
Gain on investments at fair value through profit or loss, net	31	**35,848,458**	16,966,026
Dividend income		**2,222,614**	913,989
TOTAL OPERATING INCOME		**876,677,806**	623,528,484
OPERATING EXPENSES			
Salaries and employee related expenses	32	**(151,575,272)**	(127,536,577)
Other general and administrative expenses	33	**(194,511,285)**	(120,419,909)
Marketing expenses		**(7,451,610)**	(6,028,148)
Finance costs		**(6,764,645)**	(2,647,314)
Reversal / (charge) for expected credit losses	34	**1,327,318**	(432,864)
TOTAL OPERATING EXPENSES		**(358,975,494)**	(257,064,812)
OPERATING PROFIT		**517,702,312**	366,463,672
Other income, net	35	**9,992,691**	9,426,371
Share of loss in an associate	10	**(72,014,400)**	(27,943,800)
PROFIT BEFORE ZAKAT		**455,680,603**	347,946,243
Zakat charge for the year	22	**(11,778,185)**	(18,242,210)
PROFIT FOR THE YEAR		**443,902,418**	329,704,033
Other comprehensive (loss) / income not to be reclassified to income subsequently			
Financial assets at fair value through OCI – net change in fair value		**(6,075,948)**	(4,855,565)
Remeasurement (loss) / gain on employees' defined benefit obligations	18	**(1,100,968)**	186,862
Remeasurement gain / (loss) on employees' equity award plan	19	**1,539,326**	(4,337,780)
Share of other comprehensive loss in an associate	10	**(609,400)**	--
OTHER COMPREHENSIVE LOSS FOR THE YEAR		**(6,246,990)**	(9,006,483)
TOTAL COMPREHENSIVE INCOME FOR THE YEAR		**437,655,428**	320,697,550
EARNINGS PER SHARE			
Basic and diluted, earning per share (restated)	36	**1.83**	1.36

Chairman | **Chief Executive Officer** | **Chief Financial Officer**

The attached notes 1 to 47 form an integral part of these consolidated financial statements.

DERAYAH FINANCIAL COMPANY
(A SAUDI CLOSED JOINT STOCK COMPANY)
CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
For the years ended 31 December
(Amounts in Saudi Riyals)

	Share Capital	Statutory reserve	Fair value reserve	Other reserves	Shareholders' contribution	Treasury share reserve	Retained earnings	Total
Balance at 1 January 2023	162,290,130	48,687,039	22,984	(4,016,952)	--	--	511,333,539	718,316,740
Profit for the year	--	--	--	--	--	--	329,704,033	329,704,033
Other comprehensive loss for the year	--	--	(4,855,565)	(4,150,918)	--	--	--	(9,006,483)
Total comprehensive loss for the year	--	--	(4,855,565)	(4,150,918)	--	--	329,704,033	320,697,550
Dividends distribution (note 28)	--	--	--	--	--	--	(227,206,182)	(227,206,182)
Balance at 31 December 2023	**162,290,130**	**48,687,039**	**(4,832,581)**	**(8,167,870)**	--	--	**613,831,390**	**811,808,108**
Issuance of share capital (note 23)	**337,180,260**	--	--	--	--	--	**(337,180,260)**	--
Treasury shares acquired (note 27)	--	--	--	--	**14,130,000**	**(14,130,000)**	--	--
Dividends distribution (note 28)	--	--	--	--	--	--	**(291,663,234)**	**(291,663,234)**
Profit for the year	--	--	--	--	--	--	**443,902,418**	**443,902,418**
Other comprehensive loss for the year	--	--	**(6,075,948)**	**(171,042)**	--	--	--	**(6,246,990)**
Total comprehensive loss for the year	--	--	**(6,075,948)**	**(171,042)**	--	--	**443,902,418**	**437,655,428**
Balance at 31 December 2024	**499,470,390**	**48,687,039**	**(10,908,529)**	**(8,338,912)**	**14,130,000**	**(14,130,000)**	**428,890,314**	**957,800,302**

Chairman **Chief Executive Officer** **Chief Financial Officer**

The attached notes 1 to 47 form an integral part of these consolidated financial statements.

CONSOLIDATED STATEMENT OF CASH FLOWS

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

	Notes	2024	2023
OPERATING ACTIVITIES			
Profit before zakat		**455,680,603**	347,946,243
Non-cash adjustment to reconcile income before zakat to net cash flows:			
Share of loss in an associate	10	**72,014,400**	27,943,800
Provisions for employees' defined benefit obligations	18	**3,602,124**	3,622,334
Special commission income including on client money accounts	30	**(203,481,660)**	(135,614,978)
Gain on investments at fair value through profit or loss, net	31	**(35,848,458)**	(16,966,026)
Depreciation	33	**13,045,966**	10,079,804
Amortisation	33	**7,025,985**	3,637,532
(Reversal) / charge for expected credit losses	34	**(1,327,318)**	432,864
Amortisation of (discount) / premium on investment at amortised cost		**(301,360)**	171,802
Finance cost		**6,764,645**	2,475,512
Operating cash flows before working capital changes		**317,174,927**	243,728,887
Margin client receivables, net		**10,651,614**	9,930,279
Other current financial assets, net		**54,115,880**	(109,230,732)
Prepayments		**3,505,632**	(3,485,749)
Due from funds under management, net		**11,071,280**	(14,526,292)
Accrued expenses and other payables		**36,371,706**	21,787,913
		432,891,039	148,204,306
Special commission income received		**210,405,195**	123,820,025
Purchase of financial assets at FVTPL		**(304,042,743)**	(218,386,871)
Proceeds from disposal of financial assets at FVTPL		**193,062,750**	207,563,650
End of service benefits paid	18	**(5,679,254)**	(933,276)
Zakat paid	22	**(11,354,471)**	(15,394,117)
Finance cost paid		**(1,446,809)**	(334,169)
Net cash generated from operating activities		**513,835,707**	244,539,548
INVESTING ACTIVITIES			
Purchase of financial assets at amortised cost		**(25,666,054)**	(13,202,978)
Proceeds on maturity of investments at amortised cost		**5,000,000**	5,000,000
Additions of property and equipment	6	**(71,487,612)**	(9,851,520)
Additions of intangible assets	8	**(8,523,218)**	(5,838,710)
Additions of investment property	9	**(74,544,590)**	--
Net cash used in investing activities		**(175,221,474)**	(23,893,208)

Chairman **Chief Executive Officer** **Chief Financial Officer**

The attached notes 1 to 47 form an integral part of these consolidated financial statements.

CONSOLIDATED STATEMENT OF CASH FLOWS (CONTINUED)
For the years ended 31 December
(Amounts in Saudi Riyals)

		2024	2023
FINANCING ACTIVITIES			
Dividends paid	28	**(291,663,234)**	(227,206,182)
Lease liability paid	7.1	**(2,775,583)**	(2,913,472)
Net cash used in financing activities		**(294,438,817)**	(230,119,654)
NET INCREASE / (DECREASE) IN CASH AND CASH EQUIVALENTS DURING THE YEAR		**44,175,416**	(9,473,314)
Cash and cash equivalents at the beginning of the year	16	**20,891,009**	30,364,323
CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR	16	**65,066,425**	20,891,009
NON-CASH SUPPLEMENTAL INFORMATION			
Additions to right-of-use assets and lease liability	7	**1,921,050**	662,572
Net change in fair value of investments at fair value through other comprehensive income		**(6,075,948)**	(4,855,565)
Share of other comprehensive loss in an associate	10	**(609,400)**	--
Purchase of treasury shares	27	**14,130,000**	--

Chairman **Chief Executive Officer** **Chief Financial Officer**

1. ACTIVITIES

Derayah Financial Company ("the Company") is a Saudi Closed Joint Stock Company registered in the Kingdom of Saudi Arabia. The Company operates under Commercial Registration No. 1010266977 dated 04 Jumada I 1430H (corresponding to 29 April 2009).

The principal activities of the Company are to provide custody, advising, arranging, dealing, managing investments and operating funds. The Company commenced its business on 8 Rajab 1430H (corresponding to 1 July 2009) under license number 08109-27 from the Capital Market Authority ("CMA"), dated 12 Jumada II 1429H (corresponding to 16 June 2008). The Company's registered office is located at the following address:

Third Floor, Prestige Center
Al Takhassousi Street, Al Olaya
P.O. Box 286546, Riyadh 12331
Kingdom of Saudi Arabia

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

During the year, the Company has invested SR 74 million (representing 100% unitholding) in a newly established Derayah Gulf Real Estate Fund, a privately placed real estate investment fund managed by the Company. The Fund's aim to achieve returns on capital for unitholders through the acquisition of an income generating property in the Kingdom of Saudi Arabia. These consolidated financial statements include information of the Company and its wholly owned subsidiary, Derayah Gulf Real Estate Fund (collectively referred as "the Group").

Moreover, the Company has a subsidiary (99.5% shareholding), Derayah Technology Services, in Egypt with a share capital of USD 1 million. Derayah Technology Services has no material impact on the consolidated financial statements and has therefore not been consolidated in these consolidated financial statements. The nature and purpose of the subsidiary is to provide information technology services to Derayah Financial Company.

2. BASIS OF PREPARATION

2.1 Statement of compliance

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

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

2.3 Functional and presentation currency

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

2. BASIS OF PREPARATION

2.4 Basis of consolidation

The consolidated financial statements include the financial statements of Derayah Financial Company and the subsidiary controlled by the Company.

Consolidation of a subsidiary begins when control of the subsidiary is transferred to Derayah Financial Company and ceases when the Group loses such control. The assets, liabilities, income and expenses of a subsidiary acquired or disposed of during the period are included in the consolidated financial statements from the date on which control is transferred to the Company and until the Company ceases to exercise such control.

The Company performs a reassessment to ascertain whether or not it exercises control over the investee when facts and circumstances indicate that there is a change in the elements of control.

When necessary, adjustments are made to the financial statements of the subsidiaries to bring their accounting policies in line with those of the Group. All interrelated assets and liabilities, equity, income, expenses and cash flows related to intra-group transactions, are eliminated in full upon consolidation of the financial statements.

3. MATERIAL ACCOUNTING POLICIES

The Group has consistently applied the following accounting policies to all periods presented in these consolidated financial statements, unless otherwise stated.

3.1 Financial instruments

Classification of financial assets depends on the Group’s business model for managing its financial assets and the contractual terms of the cash flows. The Group 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 profit or loss or through other comprehensive income.

Investments at amortised cost, time deposits, margin client receivables, amounts due from funds under management, and other current financial assets are managed to collect contractual cash flows, which solely comprise principal and interest payments. Accordingly, these financial assets 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 consolidated statement of profit or loss and other 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.

On initial recognition, for an equity investment that is not held for trading, the Group may irrevocably elect to present subsequent changes in fair value in OCI. This election is made on an investment-to-investment basis.

Subsequent measurement

Debt instruments

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

3. MATERIAL ACCOUNTING POLICIES (CONTINUED)

3.1 Financial instruments (continued)

- *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 consolidated statement of profit or loss and comprehensive income when the asset is derecognised or impaired. Special commission income from these financial assets is included in special commission income including on client money accounts 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 consolidated statement of profit or loss and comprehensive income. When the financial asset is derecognised, the cumulative gain or loss previously recognised in OCI, is reclassified from equity to the consolidated statement of profit or loss and comprehensive income and recognised in other gains / (losses).

- *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 consolidated statement of profit or loss and comprehensive income and which is not part of a hedging relationship is recognised and presented net in the consolidated statement of profit or loss and comprehensive income in the year in which it arises.

Equity instruments
The Group subsequently measures all equity investments at fair value. Where the Group'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 Group'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 Group 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 Group has transferred substantially all the risks and rewards of the asset, or
- The Group has neither transferred nor retained substantially all the risks and rewards of the asset but has transferred control of the asset.

Impairment
The Group 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 lifetime 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 funds under management, cash and cash equivalents, and other current financial assets, the Group applies the general approach.

3. MATERIAL ACCOUNTING POLICIES (CONTINUED)

3.1 Financial instruments (continued)

Financial liabilities

The Group classifies its financial liabilities, as held at amortised cost. Amortised cost is calculated 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 amortised 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 Group derecognises 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 consolidated statement of financial position when, and only when, the Group 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.

3.2 Current versus non-current classification

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

- Expected to be realised or intended to be sold or consumed in the normal operating cycle.
- Held primarily for the purpose of trading.
- Expected to be realised 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 Group 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 recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost can be measured reliably. Repairs and maintenance costs are charged to the consolidated statement of profit or loss and 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 or 5 years; whichever is shorter

The Group allocates the amount initially recognised 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 derecognised when replaced. Residual values, method of amortisation and useful lives of the assets are reviewed annually and adjusted if appropriate.

3 MATERIAL ACCOUNTING POLICIES (CONTINUED)

3.3 Property and equipment (continued)

Impairment losses and gains and losses on disposals of property and equipment are included in consolidated statement of profit or loss and 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.

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

3.4 Intangible assets

Intangible assets consist of both internally developed and externally acquired software. Expenditures on internally developed software is recognised as an asset when the Group 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 capitalised costs of internally developed software include all costs directly attributable to developing the software and are amortised over its useful life. Internally developed software is stated at capitalised cost less accumulated amortisation and impairment, if any.

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

Amortisation is recognised in consolidated statement of profit or loss and 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. Amortisation method, useful lives and residual values are reviewed at each financial year-end and adjusted if appropriate.

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

Intangible assets that have an indefinite useful life are not subject to amortisation 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 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 consolidated statement of profit or loss and comprehensive income.

3 MATERIAL ACCOUNTING POLICIES (CONTINUED)

3.6 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.

3.7 Revenue from contracts with customers

The Group recognises revenue under IFRS 15 using the following five steps model:

Step 1: Identify the contract with customer	A contract is defined as an agreement between two or more parties that creates enforceable rights and obligations and sets out the criteria for every contract that must be met.
Step 2: Identify the performance obligations	A performance obligation is a promise in a contract with a customer to transfer a good or service to the customer.
Step 3: Determine the transaction price	The transaction price is the amount of consideration to which the Group expects to be entitled in exchange for transferring promised goods or services to a customer, excluding amounts collected on behalf of third parties.
Step 4: Allocate the transaction price	For a contract that has more than one performance obligation, the Group allocates the transaction price to each performance obligation in an amount that depicts the amount of consideration to which the Group expects to be entitled in exchange for satisfying each performance obligation.
Step 5: Recognise revenue	The Group recognises revenue (or as) it satisfies a performance obligation by transferring a promised good or service to the customer under a contract.

The Group has the following streams of revenues:

Brokerage fees
Local brokerage income is recognised at a point in time when transactions are executed on behalf of customers at the agreed contractual price, net of applicable discounts and rebates. The Group's performance obligation is satisfied upon execution of the trade, leading to immediate revenue recognition, as no further obligations remain.

For international brokerage, where trades are executed through a third-party broker, the Group acts as an agent in facilitating trade execution, with the broker having ultimate authority over the trade and no ability to reroute trades. The Group recognises revenue on a net basis at a point in time at the agreed contractual price, net of third-party broker charges and applicable discounts. The performance obligation is satisfied upon trade execution, as the Group has no further commitments related to the transaction.

Management fees
Management fees are recognised based on a fixed percentage of net assets under management subject to applicable terms and conditions and service contracts with customers and funds. The Group attributes the revenue from management fees to the services provided during the year, because the fee relates specifically to the Group's efforts to transfer the services for that year. As asset management fees are not subject to clawbacks, the management does not expect any significant reversal of revenue previously recognised. This fee compensates and contributes to single performance obligation, the Company's obligation will generally be satisfied upon the provision of non-restrictive legal custodial structure and therefore recognised over time as the overall services are performed.

3 MATERIAL ACCOUNTING POLICIES (CONTINUED)

3.7 Revenue from contracts with customers (continued)

Performance fee
Performance fees are recognised net of rebates and are based on a percentage of a fund's net asset value appreciation above a defined hurdle. At the end of each measurement period (monthly or annual), the fund's growth is compared to the benchmark, when performance surpasses benchmark within specified measurement periods, performance fees are recognised only when reliably estimable or crystallised with minimal reversal risk. In the Group's case, clawback does not apply, as performance fee revenue is only recognised at the end of the relevant contractual period once benchmark achievement is confirmed.

Subscription fees
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 Group rightfully recognises the revenue against subscription fee at the time of fulfilment of performance obligation.

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

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

3.8 Fiduciary assets

Assets held in a fiduciary capacity are not recorded as assets of the Group, and accordingly, are not included in the consolidated financial statements.

Additionally, the Group's clients' securities, held by a third-party broker, may be loaned to other market participants as part of a stock lending program facilitated by the third-party broker. Under this arrangement, the Group agrees with the clients whereby the broker generates income from lending the securities and shares a portion of the proceeds with the Group.

The Group does not have control or ownership of these securities, as they are client assets. However, the Group is entitled to a share of the income earned from the lending activity. This income is recognised as special commission income on a point over time basis, reflecting the continuous passage of time over which the securities remain on loan.

The stock lending activity is subject to counterparty and market risks, which may impact the future income received by the Group. The Group does not assume credit or market risk associated with the underlying securities, as they remain the property of the clients.

3.9 Margin client's receivables

The margin client's receivables arise within brokerage business as shariah compliant margin financing. Margin client's receivables are recognised when cash / limits are advanced to the customer including the related cost. These are derecognised when borrowers repay their obligation or the balance is sold 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 Group will not be able to collect all or part of the amounts due according to terms of the margin contract as specific provision.

3 MATERIAL ACCOUNTING POLICIES (CONTINUED)

3.10 Investment in an associate

An associate is an entity over which the Group 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 Group'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 Group's share of net assets of the associate since the acquisition date.

The consolidated statement of profit or loss and comprehensive income reflects the Group'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 Group's OCI. In addition, when there has been a change recognised directly in the equity of the associate, the Group recognises its share of any changes, when applicable, in the consolidated statement of changes in equity. Unrealised gains and losses resulting from transactions between the Group and the associate are eliminated to the extent of the interest in the associate or joint venture. The aggregate of the Group's share of profit or loss of an associate is shown on the face of the consolidated statement of profit or loss and comprehensive income outside operating profit.

The Group determines at each reporting date whether there is any objective evidence that the investment in the associate is impaired. If this is the case, the Group calculates the amount of impairment as the difference between the recoverable amount of the associate and its carrying value and recognises the amount in the consolidated statement of profit or loss and other comprehensive income. The recoverable amount of the investment in the associate is considered to be the higher of fair value less costs to sell and its value in use.

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

3.11 Employee defined benefit obligations

The Group 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 recognised in full in the period in which they occur in other comprehensive income. Such actuarial gains and losses are also immediately recognised 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 Group recognises the following changes in the net defined benefit obligation under 'salaries and employee related expenses' in the consolidated statement of profit or loss and 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.

3.12 Employees' Equity Award Plan

The Group has introduced Employees' Equity Award Plan ('EEAP') for selected employees against the services provided by those employees for development of the D360 Bank. Subject to completion of vesting period employees shall be granted specific number of shares of D360 Bank 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 Bank has obtained registration from the Ministry of Commerce.

3 MATERIAL ACCOUNTING POLICIES (CONTINUED)

3.12 Employees' Equity Award Plan (continued)

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 consolidated 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.

3.13 Investment property

Investment property represents land and building held by the Group to earn rentals or for capital appreciation or for both. Investment property is measured at cost less accumulated depreciation and accumulated impairment losses, if any. Depreciation is calculated based on the depreciable amount, which is the cost of an asset or other amount substitute for cost, less its residual value. Depreciation is calculated based on straight line method. Freehold land is not depreciated. When parts of an item of investment property have different useful lives, they are accounted for as separate items (major components) of investment property.

The cost of replacing a part of an item of investment property is recognised in the carrying amount of the item if it is probable that the future economic benefits embodied within the part will flow to the Group, and its cost can be measured reliably. The carrying amount of the replaced part is derecognised. The costs of the day-to-day servicing of investment property are recognised in consolidated statement of profit or loss.

The estimated useful life of building classified as investment property is 40 years.

The depreciation methods, useful lives and residual values are reviewed at each reporting date and are adjusted prospectively, if required.

3.14 Leases

As a leasee

At commencement or on modification of a contract that contains a lease component, the Group allocates the consideration in the contract to each lease component on the basis of its relative stand-alone prices. However, for the leases of property the Group has elected not to separate non-lease components and account for the lease and non-lease components as a single lease component.

The Group recognises a right-of-use asset and a lease liability at the lease commencement date. The right-of-use asset is initially measured at cost, which comprises the initial amount of the lease liability adjusted for any lease payments made at or before the commencement date, plus any initial direct costs incurred and an estimate of costs to dismantle and remove the underlying asset or to restore the underlying asset or the site on which it is located, less any lease incentives received.

3 MATERIAL ACCOUNTING POLICIES (CONTINUED)

3.14 Leases (continued)

As a lease (continued)
The right-of-use asset is subsequently depreciated under the straight-line method from the commencement date to the end of the lease term, unless the lease transfers ownership of the underlying asset to the Group by the end of the lease term or the cost of the right-of-use asset reflects that the Group will exercise a purchase option. In that case the right-of-use asset will be depreciated over the useful life of the underlying asset, which is determined on the same basis as those of property and equipment. In addition, the right-of-use asset is periodically reduced by impairment losses, if any, and adjusted for certain remeasurements of the 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 Group’s incremental borrowing rate. Generally, the Group uses its incremental borrowing rate as the discount rate.

The Group determines its incremental borrowing rate by obtaining interest rates from various external financing sources and makes certain adjustments to reflect the terms of the lease and type of the asset leased.

Lease payments included in the measurement of the lease liability comprise the following:
- fixed payments, including in-substance fixed payments;
- variable lease payments that depend on an index or a rate, initially measured using the index or rate as at the commencement date;
- amounts expected to be payable under a residual value guarantee; and
- the exercise price under a purchase option that the Group is reasonably certain to exercise, lease payments in an optional renewal period if the Group is reasonably certain to exercise an extension option, and penalties for early termination of a lease unless the Group is reasonably certain not to terminate early.

The lease liability is measured at amortised cost under the effective interest method. It is remeasured when there is a change in future lease payments arising from a change in an index or rate, if there is a change in the Group’s estimate of the amount expected to be payable under a residual value guarantee, if the Group changes its assessment of whether it will exercise a purchase, extension or termination option or if there is a revised in-substance fixed lease payment.

When the lease liability is remeasured in this way, a corresponding adjustment is made to the carrying amount of the right-of-use asset or is recorded in profit or loss if the carrying amount of the right-of-use asset has been reduced to nil.

As a lessor
At inception or on modification of a contract that contains a lease component, the Group allocates the consideration in the contract to each lease component on the basis of their relative standalone prices.

When the Group acts as a lessor, it determines at lease inception whether each lease is a finance lease or an operating lease. To classify each lease, the Group makes an overall assessment of whether the lease transfers substantially all of the risks and rewards incidental to ownership of the underlying asset. If this is the case, then the lease is a finance lease; if not, then it is an operating lease. As part of this assessment, the Group considers certain indicators such as whether the lease is for a major part of the economic life of the asset.

The Group recognises lease payments received under operating leases as income on a straight line basis over the lease term as part of “revenue from contract with customers”.

3 MATERIAL ACCOUNTING POLICIES (CONTINUED)

3.15 Contract liabilities

Contract liabilities, referred as unearned revenue in these consolidated financial statements, occur when the Group receives payments or issues invoices to customers before delivering services. These amounts are reported as liabilities on the consolidated statement of financial position and are recognised as revenue once the related performance obligations are satisfied.

4 SIGNIFICANT JUDGEMENTS, ACCOUNTING ESTIMATES AND ASSUMPTIONS

The preparation of the consolidated 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 Group'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, 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 actuarial specialist 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 actuarial specialist for performing this calculation. Changes in the key assumptions can have a significant impact on the projected service plan.

4.4 Determination of control and significant influence over investees

The control indicators are subject to management's judgements and are set out in note 2.4.

The Group acts as Fund Manager to a number of investment funds. Determining whether the Group controls such investment funds usually focuses on the assessment of the aggregate economic interests of the Group in the Fund (comprising any carried profits and expected management fees) and the investor's rights to remove the Fund Manager. The Group has concluded that it acts as an agent for all of its managed investment funds except for Derayah Gulf Real Estate Fund where it acts as a principal, and therefore did not consolidate these funds.

4.5 Variable consideration estimation uncertainty

The transaction price for certain contracts includes variable consideration, such as sweat equity and volume discounts and rebates. Variable consideration is estimated using the expected value approach or the most likely amount, depending on which method better predicts the amount of consideration to which the entity will be entitled. The Group applies a constraint to ensure that a significant revenue reversal will not occur when uncertainties are resolved.

4 SIGNIFICANT JUDGEMENTS, ACCOUNTING ESTIMATES AND ASSUMPTIONS (CONTINUED)

4.5 Variable consideration estimation uncertainty (continued)

In some contracts, the Group receives advance payments for services to be delivered in future periods, subject to the fulfilment of predefined conditions. Management continuously monitors factors that may impact these performance obligations or variable consideration estimates and updates consolidated financial statements to reflect any material changes.

4.6 Principal versus agent

The Group recognises revenue based on whether it acts as a principal or an agent in transactions with customers. As a principal, revenue is recognised at the gross amount received, reflecting control over goods or services before transfer. As an agent, revenue is recognised at the net amount, typically as a commission or fee, reflecting the facilitative role without control over the goods or services. Judgments are made to assess control, risks, rewards, and responsibility for fulfilment, with variable consideration estimated accordingly. Disclosures include the nature of revenue recognition, the criteria for principal versus agent determination, any significant judgments, and the impact on the consolidated financial statements.

4.7 Fair value measurement

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either:

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

If third party information, such as broker quotes or pricing services, is used to measure fair values, then the management assesses the evidence obtained from the third parties to support the conclusion that these valuations meet the requirements of IFRS, including the level in the fair value hierarchy in which the valuations should be classified. The fair value of an asset or a liability is measured using assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their best economic interest.

The Group uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximizing the use of relevant observable inputs and minimizing the use of unobservable inputs.

When measuring the fair value of an asset or a liability, the Company uses observable market data as far as possible. Fair values are categorized into different levels in a fair value hierarchy based on the inputs used in the valuation techniques as follows:

Level 1: Quoted (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.

If the inputs used to measure the fair value of an asset or a liability fall into different levels of the fair value hierarchy, then the fair value measurement is categorized in its entirety in the same level of the fair value hierarchy as the lowest level input that is significant to the entire measurement.

Financial instruments for which fair value is measured or disclosed in the consolidated financial statements are categorized within the fair value hierarchy (note 38). For assets and liabilities that are recognized in the consolidated financial statements on a recurring basis, the Group determines whether transfers have occurred between levels in the hierarchy by re-assessing categorization (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period.

4 SIGNIFICANT JUDGEMENTS, ACCOUNTING ESTIMATES AND ASSUMPTIONS (CONTINUED)

4.7 Fair value measurement (continued)

For the purpose of fair value disclosures, the Group has determined classes of assets and liabilities on the basis of their nature, characteristics and risks of the asset or liability and the level of the fair value hierarchy.

5 CHANGES IN ACCOUNTING POLICIES

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

Below amendments to accounting standards and interpretations became applicable for annual reporting periods commencing on or after 1 January 2024. The management has adopted and assessed that the new standards and amendments have no significant impact on the Group's consolidated financial statements.

Standard, interpretation, amendments	Description	Effective Date
Amendments to IAS 1, Presentation of financial statements', on classification of liabilities as current or non-current	These narrow-scope amendments to IAS 1, 'Presentation of financial statements', clarify that liabilities are classified as either current or noncurrent, depending on the rights that exist at the end of the reporting period. Classification is unaffected by the expectations of the entity or events after the reporting date (for example, the receipt of a waiver or a breach of covenant). The amendment also clarifies what IAS 1 means when it refers to the 'settlement' of a liability.	Annual periods beginning on or after January 1, 2024
Lease Liability in a Sale and Leaseback – Amendments to IFRS 16	It requires a seller-lessee to subsequently measure lease liabilities arising from a leaseback in a way that it does not recognise any amount of the gain or loss that relates to the right of use it retains.	Annual periods beginning on or after January 1, 2024
Amendments to IAS 7 & IFRS 7 Supplier Finance	These amendments require disclosures to enhance the transparency of supplier finance arrangements & their effects on a company's liabilities, cash flows and exposure to liquidity risk. The disclosure requirements are the IASB's response to investors' concern that some companies' supplier finance arrangement is not sufficiently visible, hindering investors analysis. No material impact is expected for the Company.	Annual periods beginning on or after January 1, 2024 (with transitional reliefs in the first year)

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 Group's accounting year beginning on or after 1 January 2024 are listed below. The Group has opted not to early adopt these pronouncements.

5 CHANGES IN ACCOUNTING POLICIES (CONTINUED)

Standard, interpretation, amendments	Description	Effective Date
Amendments to IFRS 10 and IAS 28	Amendments to IFRS 10 consolidated financial statements and IAS 28 Investments in Associates and Joint Ventures—Sale or Contribution of Assets between an Investor and its Associate or Joint Venture.	The effective date of the amendments has yet to be set by the IASB.
Amendments to IAS 21 - Lack of Exchangeability	An entity is impacted by the amendments when it has a transaction or an operation in a foreign currency that is not exchangeable into another currency at a measurement date for a specified purpose. A currency is exchangeable when there is an ability to obtain the other currency (with a normal administrative delay), and the transaction would take place through a market or exchange mechanism that creates enforceable rights and obligations.	Annual periods beginning on or after January 1, 2025
IFRS 18 - Presentation and disclosure in financial statements	IFRS 18 includes requirements for all entities applying IFRS for the presentation and disclosure of information in financial statements.	Annual reporting period beginning on or after 1 January 2027

The management of the Group 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 2024	**12,299,352**	**9,773,203**	**50,587,260**	**1,394,341**	**2,826,614**	**76,880,770**
Additions during the year	**60,952,500**	**--**	**4,967,758**	**--**	**5,567,354**	**71,487,612**
Capitalised during the year	**--**	**--**	**4,758,541**	**--**	**(4,758,541)**	**--**
As at 31 December 2024	**73,251,852**	**9,773,203**	**60,313,559**	**1,394,341**	**3,635,427**	**148,368,382**
Accumulated depreciation						
As at 1 January 2024	**--**	**3,489,813**	**35,058,572**	**155,744**	**--**	**38,704,129**
Charge during the year	**--**	**1,578,634**	**7,849,141**	**355,596**	**--**	**9,783,371**
As at 31 December 2024	**--**	**5,068,447**	**42,907,713**	**511,340**	**--**	**48,487,500**
Net book value as at 31 December 2024	**73,251,852**	**4,704,756**	**17,405,846**	**883,001**	**3,635,427**	**99,880,882**

	Land	Leasehold improvements	Computers and office equipment	Furniture, fixtures and fittings	Work in Progress	Total
Cost						
As at 1 January 2023	12,299,352	12,856,682	41,831,754	2,173,988	3,343,405	72,505,181
Additions during the year	--	135,171	6,367,480	522,255	2,826,614	9,851,520
Capitalised during the year	--	157,259	2,388,026	798,120	(3,343,405)	--
Written off during the year	--	(3,375,909)	--	(2,100,022)	--	(5,475,931)
As at 31 December 2023	12,299,352	9,773,203	50,587,260	1,394,341	2,826,614	76,880,770
Accumulated depreciation						
As at 1 January 2023	--	5,341,724	29,340,309	2,119,339	--	36,801,372
Charge during the year	--	1,523,998	5,718,263	136,427	--	7,378,688
Written off during the year	--	(3,375,909)	--	(2,100,022)	--	(5,475,931)
As at 31 December 2023	--	3,489,813	35,058,572	155,744	--	38,704,129
Net book value as at 31 December 2023	12,299,352	6,283,390	15,528,688	1,238,597	2,826,614	38,176,641

(Amounts in Saudi Riyals)

6 PROPERTY AND EQUIPMENT, NET (CONTINUED)

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

6.2 During the year, the management has capitalised work in progress amounting to SR 4.76 million (2023: 3.34 million) upon completion of related projects. As of 31 December 2024 and 31 December 2023, the work in progress primarily pertains to the establishment and enhancement of the Group's data centre and server room located at its head office.

6.3 These include cost of fully depreciated assets amounting to SR 25,848,575 (2023: SR 25,362,608).

7 RIGHT-OF-USE ASSETS, NET

This represents offices rented under operating lease arrangements, the useful life of these assets are five years. The movement in right-of-use assets during the year ended 31 December as follows:

	31 December	
	2024	2023
Cost		
As at 1 January	**11,756,958**	15,007,855
Additions during the year	**1,921,050**	662,572
Written off during the year	**(2,185,428)**	(3,913,469)
As at 31 December	**11,492,580**	11,756,958
Accumulated depreciation		
As at 1 January	**6,812,275**	8,024,628
Charge during the year	**2,114,458**	2,701,116
Written off during the year	**(2,185,428)**	(3,913,469)
As at 31 December	**6,741,305**	6,812,275
Net book value at 31 December	**4,751,275**	4,944,683

7.1 The movement of corresponding lease liability is as follows:

	31 December	
	2024	2023
At the beginning of the year	**5,159,705**	7,092,884
Additions during the year	**1,921,050**	662,572
Payments during the year	**(2,775,583)**	(2,913,472)
Finance cost on lease liability	**329,607**	317,721
At the end of the year	**4,634,779**	5,159,705
Lease liability – current portion	**2,364,805**	1,938,771
Lease liability – non-current portion	**2,269,974**	3,220,934

8 INTANGIBLE ASSETS, NET

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

	Work in progress	**Software**	**Total**
Cost			
As at 1 January 2024	**2,719,895**	**57,774,790**	**60,494,685**
Additions during the year	**712,970**	**7,810,248**	**8,523,218**
As at 31 December 2024	**3,432,865**	**65,585,038**	**69,017,903**
Accumulated amortisation			
As at 1 January 2024	**--**	**45,151,081**	**45,151,081**
Charge during the year	**--**	**7,025,985**	**7,025,985**
As at 31 December 2024	**--**	**52,177,066**	**52,177,066**
Net book value as at 31 December 2024	**3,432,865**	**13,407,972**	**16,840,837**

(Amounts in Saudi Riyals)

8 INTANGIBLE ASSETS, NET (CONTINUED)

	Work in Progress	Software	Total
Cost			
As at 1 January 2023	955,379	53,700,596	54,655,975
Additions during the year	2,719,895	3,118,815	5,838,710
Capitalised during the year	(955,379)	955,379	--
As at 31 December 2023	2,719,895	57,774,790	60,494,685
Accumulated amortisation			
As at 1 January 2023	--	41,513,549	41,513,549
Charge during the year	--	3,637,532	3,637,532
As at 31 December 2023	--	45,151,081	45,151,081
Net book value as at 31 December 2023	2,719,895	12,623,709	15,343,604

Intangible assets represent core and related systems software, work in progress represent the software implementation cost, which is under development phase at year end and will be moved to software category once ready for intended use. As at 31 December 2024, intangible assets include work in progress amounting to SR 3.43 million (2023: SR 2.72 million). During the year additions to work in progress are amounting to SR 0.71 million (2023: SR 2.72 million) and completed projects amounting to Nil (2023: SR 0.96 million) are capitalised from work in progress.

9 INVESTMENT PROPERTY, NET

	Land	**Buildings**	**Total**
Cost			
As at 1 January 2024	**--**	**--**	**--**
Additions during the year	**22,914,702**	**51,629,888**	**74,544,590**
As at 31 December 2024	**22,914,702**	**51,629,888**	**74,544,590**
Accumulated depreciation			
As at 1 January 2024	**--**	**--**	**--**
Charge during the year	**--**	**1,148,137**	**1,148,137**
As at 31 December 2024	**--**	**1,148,137**	**1,148,137**
Net book value as at 31 December 2024	**22,914,702**	**50,481,751**	**73,396,453**

The investment property represents residential villas situated in eastern province at Al Azizia District, Al Khobar City held by the Group. These are leased to third-party tenant with an initial lease period of 15 years.

The Group leases out its investment property. The Group has classified these leases as operating leases, because they do not transfer substantially all of the risks and rewards incidental to the ownership of the assets. Additionally, depreciation, maintenance and related expenses included in general and administrative expenses amounted to SR 2.78 million.

The following table sets out a maturity analysis of lease payments, showing the undiscounted lease payments to be received after the reporting date:

	31 December 2024
Less than one year	6,000,000
One to five years	24,150,000
More than five years	61,425,000

As at 31 December 2024, the management engaged independent two appraisers (Esnad Real Estate Valuation and Value Experts, a Taqeem certified evaluators in accordance with Taqeem Regulations in conformity with the International Valuation Standards Council’s International Valuation Standards) for the valuation of the investment property, whereby, the average fair value of the investment property resulted from using the two valuation techniques to be SR 74.35 million.

9 INVESTMENT PROPERTY, NET (CONTINUED)

The fair value measurement of investment properties have been categorised as Level 3 fair value based on the inputs to the valuation techniques used.

Valuation technique and significant unobservable inputs:

The following table shows the valuation technique used in measuring the fair value of investment property, as well as the significant unobservable inputs used.

Valuation technique	Significant unobservable inputs	Inter-relationship between unobservable inputs and fair value measurement
Discounted cash flows: The valuation model considers the present value of net cash flows to be generated from the property, taking into account the expected market rental growth rate, occupancy rate and other costs not paid by tenants. The expected net cash flows are discounted using risk adjusted discount rates. Among other factors, the discount rate estimation considers the quality of a building and its location, tenant credit quality and lease terms.	• Expected market rental growth 2% – 8% • Occupancy rate 90% • Risk-adjusted discount rates 10.65% • Rate of return on investment 8%	The estimated fair value would increase (decrease) if: • expected market rental growth were higher (lower); • the occupancy rate were higher (lower); or • the risk-adjusted discount rates were lower (higher) • the rate of return on investment rates were lower (higher)
Direct capitalisation method: The valuation model uses the capitalisation rate (cap rate) to convert the estimated annual net operating income ("NOI") from the property into a fair value. The estimated annual NOI considers factors such as rental income, operating expenses, vacancy rates, and other income-generating factors specific to the property. The capitalisation rate is derived from comparable market transactions, considering the property's location, condition, lease terms, and other market factors.	• Occupancy rate 90% • Annual return on capital 7.50% • Rental value SR 70,000 – SR 87,200 per villa per annum	The estimated fair value would increase (decrease) if: • the occupancy rate were higher (lower); or • the annual return on capital rates were lower (higher) • the rental value were lower (higher)

(Amounts in Saudi Riyals)

10 INVESTMENT IN AN ASSOCIATE

The Group holds 20% equity in D360 Bank (Saudi Joint Stock Company incorporated in Kingdom of Saudi Arabia). The Group has determined that it has significant influence over the D360 Bank and has accounted for the investment using the equity method (note 3.10). The D360 Bank is principally engaged in financing and investment activities. Below is the movement in the carrying value of investment in an associate.

	31 December	
	2024	2023
As at 1 January	**263,852,000**	291,795,800
Share of loss during the year	**(72,014,400)**	(27,943,800)
Share of other comprehensive loss during the year	**(609,400)**	--
As at 31 December	**191,228,200**	263,852,000

11 INVESTMENT AT AMORTISED COST, NET

	31 December	
	2024	2023
Investment at amortised cost (note 11.1)	**51,211,724**	30,244,310
Allowance for expected credit losses (note 11.2)	**(6,922)**	(9,625)
	51,204,802	30,234,685
Sukuk with maturity date of less than 12 months	**5,007,926**	5,004,980
Sukuk with maturity date of more than 12 months	**46,196,876**	25,229,705

11.1 The breakup of the investment is as follows;

		31 December	
	Maturity date	**2024**	2023
Kingdom of Saudi Arabia Sukuk	23 January 2024	**--**	2,503,355
Kingdom of Saudi Arabia Sukuk	26 July 2024	**--**	2,503,219
Kingdom of Saudi Arabia Sukuk	23 March 2025	**5,008,603**	5,038,463
Banque Saudi Fransi Sukuk	Perpetual	**2,000,000**	2,000,000
Kingdom of Saudi Arabia Sukuk	23 March 2030	**8,757,703**	--
Saudi Awwal Bank Sukuk	22 July 2030	**5,000,000**	5,000,000
Kingdom of Saudi Arabia Sukuk	17 June 2031	**8,600,431**	--
Kingdom of Saudi Arabia Sukuk	17 August 2031	**3,739,456**	3,736,918
Kingdom of Saudi Arabia Sukuk	17 March 2032	**8,666,923**	--
Kingdom of Saudi Arabia Sukuk	17 August 2032	**1,995,988**	1,995,953
Kingdom of Saudi Arabia Sukuk	17 August 2033	**3,737,872**	3,736,405
Kingdom of Saudi Arabia Sukuk	24 April 2049	**3,704,748**	3,729,997
		51,211,724	30,244,310

The Sukuk are earning commission income at profit rates ranging from 1.64% to 4.64% (2023: 1.64% to 4.50%) per annum.

11.2 Movement of allowance for expected credit losses

	31 December	
	2024	2023
Balance at the beginning of the year	**9,625**	1,067
(Reversal) / charge for the year	**(2,703)**	8,558
Balance at the end of the year	**6,922**	9,625

(Amounts in Saudi Riyals)

12 INVESTMENTS AT FAIR VALUE THROUGH PROFIT OR LOSS

Investments at FVTPL consists of investments in local, regional and international funds, equity and debt securities, set out below:

	31 December 2024	
	Cost	**Fair Value**
Equity Securities – Quoted / unquoted (note 12.1)	**16,214,545**	**15,421,190**
Venture Capital and Private Equity Fund (note 12.2)	**932,373**	**706,755**
Total current investments at FVTPL	**17,146,918**	**16,127,945**
Equity Funds	**65,544,115**	**71,821,625**
Corporate Sukuk (note 12.3)	**50,186,490**	**50,461,832**
Money Market Funds	**58,379,359**	**60,709,930**
Equity Securities – Unquoted (note 12.4)	**103,431,419**	**122,752,649**
Venture Capital and Private Equity Funds	**13,503,801**	**15,026,918**
Real Estate Funds	**1,289,160**	**1,434,827**
Total non-current investments at FVTPL (note 12.5)	**292,334,344**	**322,207,781**
Total investments at FVTPL (note 12.6)	**309,481,262**	**338,335,726**

	31 December 2023	
	Cost	Fair Value
Real Estate Fund	25,877,855	24,911,599
Venture Capital and Private Equity Fund (note 12.1)	888,860	888,860
Equity Securities – Quoted	121,164	121,164
Total current investments at FVTPL	26,887,879	25,921,623
Money Market Funds	33,571,576	35,012,205
Equity Funds	35,027,766	46,506,214
Venture Capital and Private Equity Funds	13,612,532	12,823,443
Corporate Sukuk (note 12.3)	42,186,490	42,186,490
Equity Securities – Unquoted (note 12.4)	27,001,400	27,001,400
Real Estate Funds	2,055,900	2,055,900
Total non-current investments at FVTPL (note 12.5)	153,455,664	165,585,652
Total investments at FVTPL (note 12.6)	180,343,543	191,507,275

12.1 This includes equity shares having cost amounting to SR 0.89 million (2023: SR 0.89 million) of Czech Rehabilitation Center, which were transferred to the Unitholders of the Group's managed unlisted Derayah Healthcare Fund upon the liquidation of the Fund. The Group has assessed these shares to be of Nil value.

12.2 This includes investment in Derayah Asia Venture Capital Fund (Fund managed by the Group) amounting to SR 0.71 million (2023: 0.93 million) which is under liquidation.

12.3 The Sukuk are earning commission income at profit rates ranging from 4.00% to 7.57% (2023: 4.00% to 7.57%) per annum.

12.4 This includes investment of SR 51.76 million (2023: SR 15 million) held by the Group in BwaTech (a related party). During the year, the Group made an additional investment of SR 16.47 million.

12.5 The investments held in securities for trading and / or investment funds under liquidation have been treated as current investments whereas all other investments are treated as non-current based on the Group's investment model and management's intention to hold the investment for more than one year from the reporting date.

12.6 This includes investment of SR 142.63 million (2023: 115.69 million) made by the Group in the Funds managed by the Group.

(Amounts in Saudi Riyals)

13 INVESTMENTS AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME

	31 December 2024	
	Cost	**Fair Value**
Derayah REIT Fund (note 13.1)	**21,421,612**	**15,345,664**

	31 December 2023	
	Cost	Fair Value
Derayah REIT Fund (note 13.1)	26,277,177	21,421,612

13.1 Investments in REIT fund represents 2,596,559 units (2023: 2,596,559 units) in the Company's managed listed Derayah REIT Fund.

14 MARGIN CLIENT RECEIVABLES, NET

	31 December	
	2024	2023
Margin client receivables	**66,000,000**	77,339,655
Allowance for expected credit losses (note 14.2)	**(11,844)**	(2,021,925)
	65,988,156	75,317,730

14.1 Staging of margin client receivables:

	31 December 2024			
	12-month ECL	**Lifetime ECL not credit impaired**	**Lifetime ECL credit impaired**	**Total**
Margin client receivables	**64,000,000**	**2,000,000**	**--**	**66,000,000**
Allowance for expected credit losses	**(8,609)**	**(3,235)**	**--**	**(11,844)**
	63,991,391	**1,996,765**	**--**	**65,988,156**

	31 December 2023			
	12-month ECL	Lifetime ECL not credit impaired	Lifetime ECL credit impaired	Total
Margin client receivables	65,173,205	10,963,950	1,202,500	77,339,655
Allowance for expected credit losses	(8,253)	(811,172)	(1,202,500)	(2,021,925)
	65,164,952	10,152,778	--	75,317,730

14.2 Movement of allowance for expected credit losses:

	31 December	
	2024	2023
Balance at the beginning of the year	**2,021,925**	4,415,807
(Reversal) / charge for the year	**(1,322,040)**	606,118
Written off during the year	**(688,041)**	(3,000,000)
Balance at the end of the year	**11,844**	2,021,925

(Amounts in Saudi Riyals)

15 OTHER CURRENT FINANCIAL ASSETS, NET

	31 December	
	2024	2023
Muqassa deposit (note 15.1)	**189,319,004**	231,436,414
Accrued brokerage fees	**34,883,278**	61,085,066
Other receivables (note 15.2)	**25,061,986**	16,912,836
Accrued asset management fees	**9,741,371**	10,099,238
Employees loans and advances	**4,548,948**	5,060,449
Allowance for expected credit losses (note 15.3)	**(35,444)**	(42,772)
	263,519,143	324,551,231

15.1 This represents a deposit maintained with Muqassa (The Securities Clearing Centre Company) under Post Trade Technology Program ("PTTP") in respect to the settlement of transactions carried on the Tadawul platform.

15.2 This includes a receivable of SR 5.31 million (2023: 4.30 million) from Derayah Technology Services (a related party) and SR 5.21 million from existing shareholders against expenditure on IPO expenses.

15.3 Movement of allowance for expected credit losses:

	31 December	
	2024	2023
Balance at the beginning of the year	**42,772**	231,434
Reversal for the year	**(7,328)**	(188,662)
Balance at the end of the year	**35,444**	42,772

16 CASH AND CASH EQUIVALENTS, NET

	31 December	
	2024	2023
Cash at banks – current accounts, gross	**65,066,425**	20,891,009
Allowance for expected credit losses	**(9,189)**	(2,778)
Cash at banks – current accounts, net	**65,057,236**	20,888,231

17 DUE FROM FUNDS UNDER MANAGEMENT, NET

	31 December	
	2024	2023
Due from funds under management	**36,286,588**	47,357,867
Allowance for expected credit losses	**(4,881)**	(6,539)
	36,281,707	47,351,328

Breakup for the due from funds under management is as follows:

	31 December	
	2024	2023
Management fees receivable	**33,024,583**	42,968,451
Other fees receivable	**2,956,760**	3,651,250
Receivable against payment made on behalf of the funds	**305,245**	738,166
	36,286,588	47,357,867

(Amounts in Saudi Riyals)

17 DUE FROM FUNDS UNDER MANAGEMENT, NET (CONTINUED)

17.1 Movement of allowance for expected credit losses:

	31 December	
	2024	2023
Balance at the beginning of the year	**6,539**	1,252
(Reversal) / charge for the year	**(1,658)**	5,287
Balance at the end of the year	**4,881**	6,539

The transactions with the funds under management during the year are as follows:

	For the year ended 31 December	
Nature of transaction	**2024**	2023
Dividend income	**1,681,607**	913,989
Management fees	**73,580,024**	47,385,502
Subscription fees	**20,469,694**	--
Transaction fees and brokerage commission	**38,465,800**	27,919,430
Payments made on behalf of the funds	**10,978,042**	3,180,462
Financing fees	**--**	1,358,137
Acquisition of investments at FVTPL	**199,879,800**	56,682,403
Disposal of investments at FVTPL	**187,331,774**	116,343,108
Gain on investments at fair value through profit or loss, net	**15,285,903**	16,419,826

18 EMPLOYEE DEFINED BENEFIT OBLIGATIONS

The movement in provision for end-of-service benefits for the years ended 31 December as follows:

	For the year ended 31 December	
	2024	2023
Balance at beginning of the year	**24,968,100**	21,550,028
Current service cost	**3,602,124**	3,622,334
Interest cost	**1,185,985**	915,876
Amounts recognised in profit or loss	**4,788,108**	4,538,210
Remeasurement loss / (gain) recognised in OCI		
Experience assumptions	**1,042,942**	(186,862)
Financial assumptions	**58,026**	--
Amounts recognised in other comprehensive income	**1,100,968**	(186,862)
Benefits paid during the year	**(5,679,254)**	(933,276)
Balance at the end of the year	**25,177,923**	24,968,100

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

Key actuarial assumptions	31 December	
	2024	2023
Financial assumptions		
Discount rate	**5.00%**	4.75%
Salary growth rate	**5.00%**	4.75%
Demographic assumptions		
Retirement age	**60**	60

(Amounts in Saudi Riyals)

18 EMPLOYEE DEFINED BENEFIT OBLIGATIONS (CONTINUED)

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 valuation date:

	31 December	
	2024	2023
Discount rate +1%	**(2,107,851)**	(2,056,925)
Discount rate -1%	**2,429,937**	2,370,742
Long term salary increases +1%	**2,152,062**	2,093,694
Long term salary increases -1%	**(1,912,375)**	(1,860,360)

19 EMPLOYEES' EQUITY AWARD PLAN ('EEAP')

The Group has an employees' equity award plan, whereby, the eligible individuals that supported the establishment of the D360 Bank are entitled to shares of the D360 Bank. These shares will be granted from the Group's own shareholding of the D360 Bank, which may reduce the shareholding of the Group on equity settlement of the award plan (note 10). These shares, if opted, will be settled after completion of the Saudi Central Bank lock up period on D360 Bank shares in August 2027. Number of eligible employees are 18 (2023: 17).

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

	For the year ended 31 December	
	2024	2023
Balance at beginning of the year	**57,953,547**	52,708,021
Interest cost	**3,802,244**	907,746
Amount recognised in profit or loss	**3,802,244**	907,746
Remeasurement (gain) / loss recognised in OCI		
Financial assumptions	**(1,539,326)**	4,337,780
Balance at the end of the year	**60,216,465**	57,953,547

Key actuarial assumptions	31 December	
	2024	2023
Discount rate used	**5.63%**	5.78%

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	
	2024	2023
Discount rate +1%	**(696)**	(29,394)
Discount rate -1%	**700**	29,678
SR 1 increase in fair value of benefit	**5,619,625**	5,603,024
SR 1 decrease in fair value of benefit	**(5,619,625)**	(5,603,024)

19.1 These individuals were employed by the D360 Bank post its establishment on 1 January 2023.

(Amounts in Saudi Riyals)

20 UNEARNED REVENUE

The Group had earned SR 193 million on account of successful establishment of the D360 Bank during 31 December 2022, of which SR 29 million was recorded as unearned revenue, as the performance obligation linked to future milestones is yet to be met.

21 ACCRUED EXPENSES AND OTHER PAYABLES

	31 December	
	2024	2023
Bonus payable	**57,000,000**	39,000,001
Accounts and other payables	**33,060,928**	27,339,666
Value added tax payable	**16,692,257**	9,836,327
Commission payable	**13,549,248**	8,475,738
Accrued salaries and employee benefits	**3,584,934**	3,056,896
Lease liability – current portion	**2,364,805**	1,938,771
GOSI payable	**833,264**	640,297
	127,085,436	90,287,696

22 ZAKAT PAYABLE

	31 December	
	2024	2023
At the beginning of the year	**24,143,322**	21,295,229
Zakat charge for the year (note 22.1 & 22.2)	**11,778,185**	18,242,210
Paid during the year	**(11,354,471)**	(15,394,117)
At the end of the year	**24,567,036**	24,143,322

22.1 Components of zakat base and provision

	31 December	
	2024	2023
Equity	**1,274,030,572**	722,310,708
Provisions and other additions	**117,046,706**	116,517,597
Book value of long-term assets	**(769,847,968)**	(375,832,383)
Dividends	**(291,663,234)**	(227,206,182)
	329,566,076	235,789,740
Impact of conversion of Hijri to Gregorian year	**11,171,731**	7,992,873
Zakat base	**340,737,807**	243,782,613
Adjusted net income for the year	**455,680,603**	353,002,081
Minimum Zakat cap / Zakat base and adjusted net income	**455,680,603**	596,784,694
Zakat charge for the year @ 2.5%	**11,778,185**	14,919,617

22.2 Status of assessments

The Company is subject to Zakat in accordance with the regulations of the Zakat, Tax and Custom Authority ("ZATCA"). The Company has filed its Zakat and tax returns up to the financial year ended 31 December 2023 with ZATCA and obtained acknowledgement certificates. Zakat and tax return for the year ended 31 December 2024 will be submitted subsequent to the consolidated financial statements issuance date.

During the year ended 31 December 2024, the Company settled the assessment for the years 2019 – 2021. Provisions, amounting to SR 9 million, maintained by the Group against these assessment has accordingly been reversed. Moreover, assessments for the years 2022 – 2023 has not been raised by ZATCA yet.

(Amounts in Saudi Riyals)

23 SHARE CAPITAL

	31 December	
	2024	2023
Ordinary share capital	**499,470,390**	162,290,130

The authorised and issued paid-up share capital amounting to SR 499 million (2023: SR 162 million) is divided into 249,735,195 shares (2023: 16,229,013 shares) of SR 2 each (2023: SR 10 each).

During the year, the shareholders of the Group passed a resolution increasing the share capital of the Group from SR 162,290,130 to SR 499,470,390 by issuing 33,718,026 shares through capitalisation of retained earnings amounting to SR 337,180,260. Additionally, the par value of the Group 's shares was reduced from SR 10 each to SR 2 each.

24 STATUTORY RESERVE

As per the new Companies Law issued through Royal Decree M/132 on 1 Dhul Hijjah 1443H (corresponding to 30 June 2022), which came into force on 26 Jumada al-Alkhirah 1444H (corresponding to 19 January 2023), the Company is not required to set aside net income for the statutory reserve. The Company aligned its by-laws by approving it from shareholders in Extra Ordinary General Assembly dated 1 Muharram 1446H (corresponding to 7 July 2024). Accordingly, the management has decided currently to maintain the existing statutory reserve with no additional inflow here onwards.

25 OTHER RESERVE

This reserve reflects the actuarial gains or losses arising from changes in the assumptions used to value the employees' defined benefit obligations and employees' equity award plan. These changes may include adjustments to the discount rate, mortality rates, and other actuarial assumptions. The remeasurement gains and losses are recognised directly in other comprehensive income and simultaneously transferred to this reserve.

26 SHAREHOLDERS' CONTRIBUTION RESERVE

The shareholders' contribution reserve was created in connection with the issuance of treasury shares by existing shareholders, where no payment was made in exchange for the shares. This reserve reflects the value of treasury shares issued to shareholders without any monetary consideration, representing a non-cash contribution to the equity of the Group.

27 TREASURY SHARE RESERVE

During the year ended 31 December 2024, the Group's shareholders allocated 7,065,000 of the Group's own shares for the employee share plan, based on the Board of Directors' resolution dated 4 Dhul Hijjah 1445H (corresponding to 10 June 2024), approved in the Extraordinary General Assembly meeting held on 1 Muharram 1446H (corresponding to 7 July 2024). These treasury shares are held for allocation to employees under the upcoming share-based plan (note 45).

28 DIVIDENDS

The Board of Directors, through the power vested by the shareholders, in their meetings held or resolutions passed approved the interim cash dividend as follows:

	2024	
Date of announcement	**Percentage**	**Amount**
25 March 2024 (SR 4.5 per share)	**45%**	**73,030,559**
01 July 2024 (SR 4.5 per share)	**45%**	**73,030,559**
30 September 2024 (SR 0.6 per share)	**30%**	**145,602,116**
		291,663,234

(Amounts in Saudi Riyals)

28 DIVIDENDS (CONTINUED)

	2023	
Date of announcement	Percentage	Amount
31 May 2023 (SR 3 per share)	30%	48,687,039
06 July 2023 (SR 3 per share)	30%	48,687,039
28 September 2023 (SR 3 per share)	30%	48,687,039
13 November 2023 (SR 5 per share)	50%	81,145,065
		227,206,182

29 REVENUE FROM CONTRACTS WITH CUSTOMERS

	For the year ended 31 December 2024		
	Brokerage Fees	**Asset Management**	**Total**
Timing of revenue recognition			
Services rendered at a point in time	**490,400,210**	**25,014,694**	**515,414,904**
Services rendered over the time	**--**	**119,710,170**	**119,710,170**
Total revenue from contracts with customers	**490,400,210**	**144,724,864**	**635,125,074**

	For the year ended 31 December 2023		
	Brokerage Fees	Asset Management	Total
Timing of revenue recognition			
Services rendered at a point in time	388,565,878	15,299,135	403,865,013
Services rendered over the time	--	66,168,478	66,168,478
Total revenue from contracts with customers	388,565,878	81,467,613	470,033,491

Geographical distribution

The Group generates all its revenue inside the Kingdom of Saudi Arabia.

30 SPECIAL COMMISSION INCOME INCLUDING ON CLIENT MONEY ACCOUNTS

	For the year ended 31 December	
	2024	2023
Special commission income earned from:		
- Financial institutions (note 30.1)	**195,374,131**	130,651,534
- Muqassa	**4,116,468**	3,457,037
- Investments	**3,991,061**	1,506,407
	203,481,660	135,614,978

30.1 This represents special commission income earned on client money accounts managed by the Group and securities lending arrangement on client assets held by third-party broker (note 3.8 and 44.2).

31 GAIN ON INVESTMENTS AT FAIR VALUE THROUGH PROFIT OR LOSS, NET

	For the year ended 31 December	
	2024	2023
Unrealised gain on investments at fair value through profit or loss, net (note 12)	**28,854,465**	11,163,732
Realised gain on investments at fair value through profit or loss, net	**6,993,993**	5,802,294
	35,848,458	16,966,026

(Amounts in Saudi Riyals)

32 SALARIES AND EMPLOYEE RELATED EXPENSES

	For the year ended 31 December	
	2024	2023
Salaries and employee related expenses	**143,110,539**	119,617,242
GOSI expense	**4,862,609**	4,297,001
End of service benefit	**3,602,124**	3,622,334
	151,575,272	127,536,577

33 OTHER GENERAL AND ADMINISTRATIVE EXPENSES

		For the year ended 31 December	
	Note	**2024**	2023
Professional expenses	*33.1*	**45,931,586**	31,089,947
Commission expenses		**35,147,697**	19,195,092
Legal expenses		**33,636,584**	16,524,584
IT expenses		**32,043,185**	19,468,784
Depreciation	*6,7 & 9*	**13,045,966**	10,079,804
Utilities		**11,395,952**	7,747,519
Value added tax		**9,806,300**	4,803,276
Amortisation	*8*	**7,025,985**	3,637,532
Office maintenance		**2,822,870**	2,871,748
Office expenses		**2,014,633**	3,025,810
Other expenses		**1,640,527**	1,975,813
		194,511,285	120,419,909

33.1 This includes expense pertaining to Group's external auditor amounting to SR 1.54 million (2023: 0.82 million) against services rendered for annual audit, interim reviews and other services.

34 ALLOWANCE FOR EXPECTED CREDIT LOSSES

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

		31 December	
	Notes	**2024**	2023
Margin client receivables	*14*	**11,844**	2,021,925
Other current financial asset	*15*	**35,444**	42,772
Investments at amortised cost	*11*	**6,922**	9,625
Due from funds under management	*17*	**4,881**	6,539
Cash and cash equivalents	*16*	**9,189**	2,778
		68,280	2,083,639

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

	For the year ended 31 December	
	2024	2023
At the beginning of the year	**2,083,639**	4,650,775
(Reversal) / charge for the year, net	**(1,327,318)**	432,864
Written off during the year	**(688,041)**	(3,000,000)
At the end of the year	**68,280**	2,083,639

(Amounts in Saudi Riyals)

35 OTHER INCOME, NET

	For the year ended 31 December	
	2024	2023
Foreign exchange gains, net	**9,464,776**	8,595,470
Price streamer fees & advisory fees	**527,915**	830,901
	9,992,691	9,426,371

36 EARNINGS PER SHARE

The basic earnings per share have been calculated using the following profit attributable to ordinary shareholders and the weighted average number of outstanding ordinary shares. The diluted earnings per share are identical to the basic earnings per share.

The earnings per share for the prior year have been restated due to a change in the weighted average number of outstanding shares (note 23).

	31 December	
	2024	2023 (restated)
Profit for the year	**443,902,418**	329,704,033
Weighted average number of ordinary shares excluding treasury shares	**242,670,195**	242,670,195
Basic and diluted, earnings per share	**1.83**	1.36

37 FINANCIAL ASSETS AND FINANCIAL LIABILITIES

Set out below is an overview of financial assets held by the Group:

	31 December	
	2024	2023
Financial assets at amortised cost		
Cash and cash equivalents, net	**65,057,236**	20,888,231
Investments at amortised cost, net	**51,204,802**	30,234,685
Due from funds under management, net	**36,281,707**	47,351,328
Margin client receivables, net	**65,988,156**	75,317,730
Other current financial assets, net	**263,519,143**	324,551,231
Financial assets at fair value through OCI		
Real Estate Fund	**15,345,664**	21,421,612
Financial assets at fair value through profit or loss		
Real Estate Funds	**1,434,828**	26,967,499
Venture Capital and Private Equity Funds	**15,733,672**	13,712,303
Equity Securities - Quoted and unquoted	**138,173,839**	27,122,564
Equity Funds	**71,821,625**	46,506,214
Corporate Sukuk	**50,461,832**	42,186,490
Money Market Funds	**60,709,930**	35,012,205
Total financial assets	**835,732,434**	711,272,092
Total current assets	**451,982,113**	499,035,123
Total non-current assets	**383,750,321**	212,236,969

(Amounts in Saudi Riyals)

37 FINANCIAL ASSETS AND FINANCIAL LIABILITIES (CONTINUED)

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

	31 December	
	2024	2023
Financial liabilities at amortised cost		
Lease liability	**4,634,779**	5,159,705
Accrued expenses and other payables	**107,195,111**	77,872,301
Total financial liabilities	**111,829,890**	83,032,006
Total current liabilities	**109,559,916**	79,811,072
Total non-current liabilities	**2,269,974**	3,220,934

38 FAIR VALUE HIERARCHY

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:

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.

The following table provides the fair value measurement hierarchy of the Group's financial assets as at 31 December 2024 and 31 December 2023. There are no financial liabilities measured at fair value.

	Carrying value	Level 1	Level 2	Level 3
At 31 December 2024				
Financial assets measured at fair value				
Investments at FVTPL				
Equity Securities – Quoted	**15,421,190**	**15,421,190**	**--**	**--**
Equity Securities – Unquoted	**122,752,649**	**--**	**--**	**122,752,649**
Corporate Sukuk	**50,461,832**	**4,465,461**	**45,996,371**	**--**
Equity Funds	**71,821,625**	**--**	**71,821,625**	**--**
Money Market Funds	**60,709,930**	**--**	**60,709,930**	**--**
Venture Capital and Private Equity Funds	**15,733,673**	**--**	**--**	**15,733,673**
Real Estate Funds	**1,434,827**	**--**	**--**	**1,434,827**
	338,335,726	**19,886,651**	**178,527,926**	**139,921,149**
Investments at FVOCI				
Real Estate Fund	**15,345,664**	**15,345,664**	**--**	**--**

(Amounts in Saudi Riyals)

38 FAIR VALUE HIERARCHY (CONTINUED)

	Carrying value	Level 1	Level 2	Level 3
As at 31 December 2023				
Financial assets measured at fair value				
Investments at FVTPL				
Equity Securities – Quoted	121,164	121,164	--	--
Equity Securities – Unquoted	27,001,400	--	--	27,001,400
Corporate Sukuk	42,186,490	4,566,490	37,620,000	--
Equity Funds	46,506,214	--	46,506,214	--
Money Market Funds	35,012,205	--	35,012,205	--
Venture Capital and Private Equity Funds	13,712,303	--	--	13,712,303
Real Estate Funds	26,967,499	--	--	26,967,499
	191,507,275	4,687,654	119,138,419	67,681,202
Investment at FVOCI				
Real Estate Fund	21,421,612	21,421,612	--	--

There were no transfers between levels during the year ended 31 December 2024 and 31 December 2023.

As at the reporting date, the carrying values of the financial assets not measured at fair value including investment at amortised cost, due from funds under management 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 / or due to short duration of financial instruments.

Financial assets at fair value through profit or loss classified as Level 1 include securities that are traded on stock exchange at their last reported prices to the extent that securities are actively traded and valuation adjustments are not applied.

Financial assets at fair value through profit or loss classified as Level 2 include investments in equity funds, money market funds and Corporate Sukuk. The fair value of equity funds and money market funds is determined using unadjusted net assets value (“NAV”). The unadjusted net assets value is used when the units in a fund are redeemable at the reportable net assets value at, or approximately at, the reporting date. The fair value of Corporate Sukuk is determined using the discounted cash flow technique considering the discount rate at market terms.

Financial assets at fair value through profit or loss classified as Level 3 include investment in venture capital and private equity funds, real estate funds and unquoted equity securities. The fair value of venture capital and private equity funds and real estate funds is determined through utilisation of the fund manager reports (and appropriate discounts or haircuts where required) for the determination of fair values of these funds. The fund manager deploys various techniques (such as discounted cash flow models and multiples method) for the valuation of underlying financial instruments classified under Level 3 of the respective fund's fair value hierarchy. Significant unobservable inputs embedded in the valuation techniques used by the fund manager include risk adjusted discount rates, and lack of marketability and control discounts.

(Amounts in Saudi Riyals)

38 FAIR VALUE HIERARCHY (CONTINUED)

The fair value of unquoted equity securities is determined through valuation technique and significant unobservable input as stated below:

Valuation technique	Significant unobservable inputs	Inter-relationship between unobservable inputs and fair value measurement
Market-method (Revenue multiple): A valuation technique that uses revenue-multiples and other relevant information generated by market transactions involving identical or comparable (ie similar) assets, liabilities or a group of assets and liabilities, such as a business.	• Expected compounded annual growth rate of revenue 0.7x – 1.8x • Risk adjusted discount rates 15% – 17%	The estimated fair value would increase (decrease) if: • expected compounded annual growth rate of revenue higher (lower); • the risk-adjusted discount rates were lower (higher)

The following table shows a reconciliation from the opening balance to the closing balance for Level 3 fair values.

Balance as at 01 January 2023	**28,798,884**
Purchases	40,637,663
Unrealised gain on investments	(1,755,345)
Balance as at 31 December 2023	**67,681,202**
Purchases	78,605,693
Sales	(25,757,891)
Unrealised gain on investments	19,875,536
Realised gain on investments	(483,391)
Balance as at 31 December 2024	**139,921,149**

Sensitivity analysis
As at 31 December 2024, a 10% change in the fair value of level 3 investments would have increased or decreased the profit or loss and other comprehensive income by SR 12,275,265 (2023: SR 2,700,140).

39 FINANCIAL RISK AND MANAGEMENT OBJECTIVES AND POLICIES

Introduction
The Group’s objective in managing risk is the creation and protection of shareholder value. Risk is inherent in the Group’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 Group’s continuing profitability. The Group 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 Group's risk management framework. These risk management policies are established to identify and analyse the risks faced by the Group, 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 Group’s activities.

39 FINANCIAL RISK AND MANAGEMENT OBJECTIVES AND POLICIES (CONTINUED)

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

Risk measurement and reporting system
The Group'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 Group is willing to accept and the market environment of the Group. In addition, the Group monitors and measures the overall risk in relation to the aggregate risk exposure across all risks type and activities.

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

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

Excessive risk concentration
Concentration indicates the relative sensitivity of the Group's performance to developments affecting an 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 Group 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 Group'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 .

(Amounts in Saudi Riyals)

39 FINANCIAL RISK AND MANAGEMENT OBJECTIVES AND POLICIES (CONTINUED)

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 Group. The Group has adopted a policy of only dealing with creditworthy counterparties, for whom the credit risk is assessed to be satisfactory. The Group 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 Group also continuously revise's certain inputs and assumptions used for the determination of ECL. These primarily revolve around adjusting macroeconomic factors used by the Group in the estimation of ECL.

The Group considers a financial asset to be in default when:

- the counter-party is unlikely to pay its credit obligations to the Group in full, without recourse by the Group to actions such as realising security (if any is held); or
- the financial asset is more than 90 days past due.

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

	31 December	
	2024	2023
Cash and cash equivalents	**65,066,425**	20,891,009
Investment in Sukuk	**51,211,724**	30,244,310
Margin client receivables	**66,000,000**	77,339,655
Due from funds under management	**36,286,588**	47,357,867
Other current financial assets	**263,554,587**	324,594,003
	482,119,324	500,426,844

Analysis of credit quality

The Group has debt securities with counterparties having the following credit quality:

Issuer	**Credit rating (Fitch / Moody's)**	**31 December 2024**	31 December 2023
Kingdom of Saudi Arabia Sukuk 05-01-2019	AA- / Aa3	**--**	2,503,355
Kingdom of Saudi Arabia Sukuk 04-07-2020	AA- / Aa3	**--**	2,503,219
Kingdom of Saudi Arabia Sukuk 05-10-2019	AA- / Aa3	**5,008,603**	5,038,463
Banque Saudi Fransi Sukuk	A- / --	**2,000,000**	2,000,000
Kingdom of Saudi Arabia Sukuk 10-10-2019	AA- / Aa3	**8,757,703**	--
Saudi Awwal Bank Sukuk	A- / --	**5,000,000**	5,000,000
Kingdom of Saudi Arabia Sukuk 10-06-2021	AA- / Aa3	**8,600,431**	--
Kingdom of Saudi Arabia Sukuk 08-08-2023	AA- / Aa3	**3,739,456**	3,736,918
Kingdom of Saudi Arabia Sukuk 10-03-2022	AA- / Aa3	**8,666,923**	--
Kingdom of Saudi Arabia Sukuk 09-08-2023	AA- / Aa3	**1,995,988**	1,995,953
Kingdom of Saudi Arabia Sukuk 10-08-2023	AA- / Aa3	**3,737,872**	3,736,405
Kingdom of Saudi Arabia Sukuk 30-04-2019	AA- / Aa3	**3,704,748**	3,729,997
		51,211,724	30,244,310

(Amounts in Saudi Riyals)

39 FINANCIAL RISK AND MANAGEMENT OBJECTIVES AND POLICIES (CONTINUED)

Credit risk (continued)

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

	31 December	
	2024	2023
Government	**44,211,724**	23,244,310
Bank	**7,000,000**	7,000,000
	51,211,724	30,244,310

Amounts arising from ECL

The Group considers that its investments at amortised cost, other current financial assets, due from funds under management and cash and cash equivalents have low credit risk based on the external credit ratings of the respective counterparties.

12-month and lifetime probabilities of default are based on the approved ECL Methodology and impairment policy of the Group. 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 Group has expected credit loss on margin receivables, investments at amortised cost, other current financial assets, due from funds under management and cash and cash equivalents amounting to SR 68,280 as at 31 December 2024 (2023: SR 2,083,639).

Cash and cash equivalents

Credit risk on cash and cash equivalents is limited as these are held with banks rated as A- and BBB+ by Fitch Ratings.

Other current financial assets

Other current financial assets include dividend, Muqassa, accrued brokerage and asset management fees and other contractual receivables of the Group. The Group's exposure to credit risk is influenced mainly by the individual characteristics of each counter-party. However, management also considers the factors that may influence the credit risk of its counter-party, including the default risk associated with the industry and category in which counter-party operates.

The risk management committee has implemented a credit policy to assess the creditworthiness of each new counter-party before extending the services. This evaluation incorporates external credit ratings (where available), financial statements, credit agency reports, industry data, and, in certain cases, internal ratings. Transaction limits are assigned to each client based on this assessment and are reviewed on a quarterly basis. Any transactions exceeding these limits require prior approval from the risk management committee.

To mitigate credit risk arising from other current financial assets, except deposit with Muqassa (the entity is a wholly owned subsidiary of Saudi Tadawul Group Holding Company which is ultimately controlled by the Government of Saudi Arabia, therefore, it is exposed to minimal credit risk) and accrued brokerage from third-party broker where the third-party broker is rated as BBB+ by S&P Global Ratings, the Group enforces maximum payment periods of one month for individual clients and three months for corporate clients. Majority of the Group's counter-party have maintained a trading relationship with the Group for several years, and none of these balances have been written off or were considered credit-impaired as of the reporting date.

(Amounts in Saudi Riyals)

39 FINANCIAL RISK AND MANAGEMENT OBJECTIVES AND POLICIES (CONTINUED)

Credit risk (continued)

Other current financial assets (continued)

In monitoring client credit risk, the Group categorises counter-party based on credit characteristics, including their classification as individuals or legal entities, their segment (wholesale, retail, or end-user), industry, transaction history with the Group, and any history of financial difficulties. This structured approach ensures effective credit risk management across the brokerage operations.

Due from funds under management

Due from funds under management consists of the management fee and other fees receivable and receivable for the payment made on behalf of the fund, from the Groups's managed funds. Credit risk attached to due from funds under management by the group is not significant and the Group expects to recover these fully at their stated carrying amounts.

Margin client receivables

Margin client receivables with counter-parties are evaluated to be credit worthy based on risk assessment procedures, know your customer and compliance procedures conducted prior to accepting a customer. The Group holds equity instruments of customers as collateral against margin client receivables. The value of collateral is regularly monitored by the Group to ensure that it is sufficient to cover the exposure of margin client receivables. As part of the ongoing monitoring of margin client receivables, the balance is provided on the basis of on liquid collateral coverage of 200%. Controls are in place to monitor the movement and ratios have been defined on which the client is requested to invest funds in the account in case the total value falls below 175% of the amount invested. In case of failure to do so, investment is liquidated at the value of 150% and amount is recovered. As at 31 December 2024, the fair value of collateral held against margin client receivables amounted to SR 132.3 million (2023: SR 198.2 million).

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.

Liquidity risk

Liquidity risk is the risk that the Group 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 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 2024						
Financial liabilities						
Lease liability	--	267,317	2,771,475	2,758,352	--	5,797,144
Accrued expenses and other payables	--	93,793,559	13,401,551	--	--	107,195,110
Total financial liabilities	--	94,060,876	16,173,026	2,758,352	--	112,992,254

39 FINANCIAL RISK AND MANAGEMENT OBJECTIVES AND POLICIES (CONTINUED)

Liquidity risk (continued)

	On Demand	Within 3 months	3 months to 1 year	Above 1 year	No fixed maturity	Total
31 December 2023						
Financial liabilities						
Lease liability	--	--	2,249,981	3,266,296	--	5,516,277
Accrued expenses and other payables	--	69,396,563	8,475,738	--	--	77,872,301
Total financial liabilities	--	69,396,563	10,725,719	3,266,296	--	83,388,578

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 optimising the return.

Currency risk

Currency risk is the risk that the value of financial instruments may fluctuate due to changes in foreign exchange rates. The Group has significant transactions only in US Dollars apart from Saudi Riyals. As this currency has no or low volatility with Saudi Riyals, therefore, there is minimal risk of losses due to exchange rate fluctuations.

Commission rate risk

Commission rate risk arises from the possibility that changes in profit rates will affect future cash flows or the fair values of financial instruments. At the reporting date, the Group is exposed to commission rate risk through the special commission income earned over deposits, Murabaha agreements and investments in Sukuk.

Fair value sensitivity analysis for fixed-rate instruments

The table below sets out the effect on consolidated statement of profit or loss and other comprehensive income and consolidated statement of changes in equity of a reasonably possible change in fair value of investment in Sukuk classified at FVTPL due to change in average SAIBOR by 1% at reporting date. The estimates are made on an individual investment basis. The analysis assumes that all other variables remain constant.

		31 December		
Effect on profit and loss		**2024**		2023
		SR		SR
Change in fair value of investments	**+ 1%**	**4,060,082**	+ 1%	2,167,442
	- 1%	**(4,060,082)**	- 1%	(2,167,442)

Cash flow sensitivity analysis for variable-rate instruments

The table below sets out the effect on profit or loss and other comprehensive income and consolidated statement of changes in equity of a reasonably possible change in net income due to change in average SAIBOR by 1% at reporting date. The estimates are made on an individual investment basis. The analysis assumes that all other variables remain constant.

		31 December		
Effect on profit and loss		**2024**		2023
		SR		SR
Change in special commission income including on client money accounts	**+ 1%**	**2,034,817**	+ 1%	1,356,150
	- 1%	**(2,034,817)**	- 1%	(1,356,150)

(Amounts in Saudi Riyals)

39 FINANCIAL RISK AND MANAGEMENT OBJECTIVES AND POLICIES (CONTINUED)

Market risk (continued)

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 Group's investments in equity securities. The Group'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		**2024**		2023
		SR		SR
Net gain / loss on investments held at FVTPL	**+ 5%**	**16,916,786**	+ 5%	9,575,364
	- 5%	**(16,916,786)**	- 5%	(9,575,364)

	31 December			
Effect on other comprehensive income		**2024**		2023
		SR		SR
Net gain / loss on investments held at FVOCI	**+ 5%**	**767,283**	+ 5%	1,071,081
	- 5%	**(767,283)**	- 5%	(1,071,081)

Concentration of equity price risk

Group's equity portfolio, measured at FVTPL and FVOCI, concentration of equity price risk is as follows:

% of equity securities, debt instruments and units of mutual funds:

	31 December	
	2024	2023
Equity securities	**41%**	13%
Equity funds	**21%**	22%
Money market funds	**17%**	16%
Corporate Sukuk	**15%**	20%
Venture capital and private equity funds	**5%**	6%
Real estate fund	**1%**	23%

40 SEGMENTAL REPORTING

An operating segment is a component of an entity:

a) That engages in business activities from which it may earn revenue and incur expenses (including revenues and expenses relating to transactions with other components of the same entity).

b) Whose operating results are regularly reviewed by the entity's chief operating decision maker to make decisions about resources to be allocated to the segment and assess its performance, and

c) For which discrete financial information is available.

(Amounts in Saudi Riyals)

40 SEGMENTAL REPORTING (CONTINUED)

The Group's chief executive officer reviews the internal management reports of each division at least quarterly.

For management purposes, the Group is organised into the following operating segments:

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

Asset Management
The asset management division is engaged in the management of clients' assets and in the development and placement of asset management products and services.

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

Investment property
Investment property is held by the Group and provides real estate services, aligning with its strategic objective of maximising returns from real estate assets while maintaining sustainable growth in the property sector.

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

31 December 2024	**Brokerage**	**Asset management**	**Investments**	**Investment property**	**Total**
Total assets	**457,610,186**	**81,149,302**	**613,936,530**	**73,803,462**	**1,226,499,480**
Total liabilities	**71,101,272**	**12,608,589**	**184,989,317**	**--**	**268,699,178**
Total operating income	**689,890,809**	**144,724,864**	**42,062,133**	**--**	**876,677,806**
Total operating expenses	**(280,296,842)**	**(58,800,497)**	**(17,089,491)**	**(2,788,664)**	**(358,975,494)**
Other income	**8,259,928**	**1,732,763**	**--**	**--**	**9,992,691**
Share of loss in an associate	**--**	**--**	**(72,014,400)**	**--**	**(72,014,400)**
Income before zakat	**417,853,895**	**87,657,130**	**(47,041,758)**	**(2,788,664)**	**455,680,603**

31 December 2023	Brokerage	Asset management	Investments	Investment property	Total
Total assets	454,217,709	70,918,788	516,627,554	--	1,041,764,051
Total liabilities	62,183,518	9,708,956	158,063,469	--	229,955,943
Total operating income	522,674,449	81,467,613	19,386,422	--	623,528,484
Total operating expenses	(215,485,278)	(33,587,009)	(7,992,525)	--	(257,064,812)
Other income	8,155,240	1,271,131	--	--	9,426,371
Share of loss in an associate	--	--	(27,943,800)	--	(27,943,800)
Income before zakat	315,344,411	49,151,735	(16,549,903)	--	347,946,243

The Group's assets, liabilities, and operations are majorly based in Saudi Arabia.

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

	31 December	
	2024	2023
Total operating income	**876,677,806**	623,528,484
Adjustment for:		
- *Special commission income including on client money accounts*	**(203,481,660)**	(135,614,978)
- *Gain on investments at fair value through profit or loss, net*	**(35,848,458)**	(16,966,026)
- *Dividend income*	**(2,222,614)**	(913,989)
Revenue from contract with customers	**635,125,074**	470,033,491

41 RELATED PARTY TRANSACTIONS AND BALANCES

Related parties of the Group includes shareholders and key management personnel. The Group 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 consolidated financial statements, are as follows:

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

	For the year ended 31 December	
	2024	2023
Salaries and employee related benefits:		
- Short-term employee benefits	**28,853,076**	26,424,101
- Post-employment benefits	**5,301,730**	4,647,000
Board of Directors remuneration	**1,800,000**	1,725,000

42 CAPITAL REGULATORY REQUIREMENTS AND CAPITAL ADEQUACY MODEL

The CMA has issued Prudential Rules (the "Rules") dated 17 Safar 1434H (corresponding to 30 December 2012), thereafter, amended on 04 Jumada Alkhirah 1444H (corresponding to 28 December 2022). 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 risk weighted asset and surplus in the capital as follows:

	31 December	
	2024	2023
Capital base:	**SR (000)**	SR (000)
Tier 1 Capital	**927,670**	793,763
Tier 2 Capital	**--**	--
Total Capital base	**927,670**	793,763
Risk Weighted Asset:		
Credit risk	**2,216,472**	1,718,710
Market risk	**22,517**	14,101
Operational risk	**1,341,042**	1,161,167
Concentration risk	**--**	654,111
Total risk weighted asset	**3,580,031**	3,548,089
Surplus in the capital	**641,267**	509,916
Total capital ratio	**25.91%**	22.37%

43 CAPITAL COMMITMENTS AND CONTINGENCIES

The Group has contingent liabilities in respect of bank guarantees issued by a commercial bank against third party for satisfaction of performance obligations as at 31 December 2024 amounting to SR 29.38 million (2023: SR 29.38 million).

44 ASSETS HELD UNDER FIDUCIARY CAPACITY

44.1 Assets under management

The Group manages investment portfolios and mutual funds on behalf of its customers, which amounts to SR 17,202 million as at 31 December 2024 (2023: SR 10,341 million). Such balances are not included in the Group's consolidated financial statements as these are held by the Group in fiduciary capacity.

(Amounts in Saudi Riyals)

44 ASSETS HELD UNDER FIDUCIARY CAPACITY (CONTINUED)

44.2 Clients' cash account

The Group was holding clients' cash accounts amounting to SR 1,712 million as at 31 December 2024 (2023: SR 1,854 million), to be used for investments on clients' instructions. The Group places the clients' cash in remunerative bank accounts and the commission earned is recognised in the consolidated statement of profit or loss and comprehensive income (note 30). Such balances are not recorded in the Group's consolidated financial statements as these are held by the Group in fiduciary capacity.

45 SUBSEQUENT EVENTS

Subsequent to year ended 31 December 2024, the Group listed its shares on Saudi Stock Exchange ("Tadawul") on 10 March 2025. The Group is in the process of completing the legal formalities to transition from a "Saudi Closed Joint Stock Company" to a "Saudi Joint Stock Company". Additionally, the Board of Directors have approved a long-term incentive plan for eligible employees on 5 March 2025. The plan includes a total of 3,098,037 shares, subject to vesting conditions over a period of up to five years. The plan aims to align employee incentives with the long-term performance of the Group.

Except for the above, there were no subsequent events after the reporting date which require adjustments to, or disclosure, in the consolidated financial statements.

46 COMPARATIVE FIGURES

The management has made some presentation changes in the consolidated financial statements, as certain line items have been added, certain segregated and certain reclassified, to conform with the requirements of IAS 1. Furthermore, the purchase and proceeds from disposal of financial assets at FVTPL has been classified from investing activities to the operating activities in the consolidated statement of cash flows. The following table summarizes the impact of the presentation changes made in comparative year for the consolidated statement of profit or loss and other comprehensive income and the consolidated statement of cash flows:

Financial Statement Caption	**As previously stated**	**Adjustment**	**Restated**
Consolidated statement of profit or loss and other comprehensive income			
Other general and administrative expenses	(123,067,223)	2,647,314	(120,419,909)
Finance costs	--	(2,647,314)	(2,647,314)
Consolidated statement of cash flows			
Cash flows from investing activities			
Purchase of financial assets at FVTPL	(218,386,871)	218,386,871	--
Proceeds from disposal of financial assets at FVTPL	207,563,650	(207,563,650)	--
Cash flows from operating activities			
Purchase of financial assets at FVTPL	--	(218,386,871)	(218,386,871)
Proceeds from disposal of financial assets at FVTPL	--	207,563,650	207,563,650

For the comparative in the consolidated statement of cash flows, special commission income received amounting to SR 123.82 million was shown as part of movement in other current financial assets. In the current year these have been presented as a separate line item.

47 APPROVAL OF THE CONSOLIDATED FINANCIAL STATEMENTS

The consolidated financial statements have been approved by the Board on 17 March 2025 (corresponding to 17 Ramadan 1446H).