NATIXIS SAUDI ARABIA INVESTMENT COMPANY
(A SAUDI CLOSED JOINT STOCK COMPANY)

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

NATIXIS SAUDI ARABIA INVESTMENT COMPANY
(A SAUDI CLOSED JOINT STOCK COMPANY)
FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2023

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Independent auditor's report to the shareholder of Natixis Saudi Arabia Investment Company (A Saudi Closed Joint Stock Company)

Our opinion

In our opinion, the financial statements present fairly, in all material respects, the financial position of Natixis Saudi Arabia Investment Company (the "Company") as at December 31, 2023, and its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards, 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).

What we have audited

The Company's financial statements comprise:

- the statement of financial position as at December 31, 2023;
- the statement of comprehensive income for the year then ended;
- the statement of changes in shareholder's equity for the year then ended;
- the statement of cash flows for the year then ended; and
- the notes to the financial statements, comprising material accounting policy information and other explanatory information.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing, that are endorsed in the Kingdom of Saudi Arabia. Our responsibilities under those standards are further described in the *Auditor's responsibilities for the audit of the financial statements* section of our report.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence

We are independent of the Company in accordance with the International Code of Ethics for Professional Accountants (including International Independence Standards), endorsed in the Kingdom of Saudi Arabia (the "Code"), that is relevant to our audit of the financial statements and we have fulfilled our other ethical responsibilities in accordance with the Code's requirements.

Other information

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

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

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

When we read the Company's Annual Report, if we conclude that there is a material misstatement therein, we are required to communicate the matter to those charged with governance.

Responsibilities of management and those charged with governance for the financial statements

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

Independent auditor's report to the shareholder of Natixis Saudi Arabia Investment Company (A Saudi Closed Joint Stock Company) (continued)

Responsibilities of management and those charged with governance for the financial statements (continued)

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

The Board of Directors is responsible for overseeing the Company's financial reporting process.

Auditor's responsibilities for the audit of the financial statements

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

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

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

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

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

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

- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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

PricewaterhouseCoopers

Waleed A. Alhidiri
License Number 559

28 March 2024

برايس وترهاوس كوبرز
محاسبون قانونيون
ترخيص رقم ٢٥
س.ت ١٠١٠٣٧١٦٢٢
PRICEWATERHOUSECOOPERS
CERTIFIED PUBLIC ACCOUNTS
LICENSE NO.25
C.R.1010371622

NATIXIS SAUDI ARABIA INVESTMENT COMPANY
(A SAUDI CLOSED JOINT STOCK COMPANY)
STATEMENT OF FINANCIAL POSITION
(All amounts in Saudi Riyals unless otherwise stated)

	Note	As at December 31, 2023	As at December 31, 2022
Assets			
Current assets			
Cash and cash equivalents	4	**40,522,841**	43,470,266
Due from a related party	15.2	**4,408,580**	4,211,396
Trade receivables		**1,940,625**	-
Prepayments and other receivables	5	**573,506**	559,071
Total current assets		**47,445,552**	48,240,733
Non-current assets			
Property and equipment, net	6	**1,710,863**	2,262,372
Right-of-use assets, net	7	**851,351**	1,277,027
Total non-current assets		**2,562,214**	3,539,399
Total assets		**50,007,766**	51,780,132
Liabilities and shareholder's equity			
Liabilities			
Current liabilities			
Accrued and other liabilities	8	**928,828**	3,017,267
Due to a related party	15.2	**1,548,250**	113,876
Lease liabilities	7.1	**430,445**	430,445
Provision for income tax	9	**-**	139,597
Total current liabilities		**2,907,523**	3,701,185
Non-current liabilities			
Employees end of service benefits ("EOSB")	10	**185,973**	266,895
Lease liabilities	7.1	**430,445**	860,890
Total non-current liabilities		**616,418**	1,127,785
Total liabilities		**3,523,941**	4,828,970
Shareholder's equity			
Share capital	11	**50,000,000**	50,000,000
Accumulated losses		**(3,516,175)**	(3,048,838)
Total shareholder's equity		**46,483,825**	46,951,162
Total liabilities and shareholder's equity		**50,007,766**	51,780,132
Contingencies and commitments	13	**-**	-

The accompanying notes from 1 to 18 form an integral part of these financial statements.

NATIXIS SAUDI ARABIA INVESTMENT COMPANY
(A SAUDI CLOSED JOINT STOCK COMPANY)
STATEMENT OF COMPREHENSIVE INCOME
(All amounts in Saudi Riyals unless otherwise stated)

	Note	For the year ended December 31, 2023	2022
Revenue:			
Income from service support fee	15.1	**9,621,968**	8,709,248
Income from arranging services, net	15.1	**253,125**	-
Total revenue		**9,875,093**	8,709,248
Operating expenses:			
Salaries and employee related benefits		**(6,266,820)**	(4,267,347)
Expense related to Master Service Agreement	15.1	**(1,366,500)**	(1,366,500)
General and administrative expenses	14	**(2,407,453)**	(3,615,006)
Depreciation	6 & 7	**(1,093,606)**	(1,026,213)
Total operating expenses		**(11,134,379)**	(10,275,066)
Operating loss		**(1,259,286)**	(1,565,818)
Other income / (loss):			
Special commission income on term deposits		**727,439**	460,222
Loss from disposal of assets		**-**	(1,149)
Loss before income tax		**(531,847)**	(1,106,745)
Reversal of income tax provision	9.1	**64,510**	-
Income tax charge for the year		**-**	(139,597)
Net loss for the year		**(467,337)**	(1,246,342)
Other comprehensive income for the year		**-**	-
Total comprehensive loss for the year		**(467,337)**	(1,246,342)

The accompanying notes from 1 to 18 form an integral part of these financial statements.

NATIXIS SAUDI ARABIA INVESTMENT COMPANY
(A SAUDI CLOSED JOINT STOCK COMPANY)
STATEMENT OF CHANGES IN SHAREHOLDER'S EQUITY
(All amounts in Saudi Riyals unless otherwise stated)

	Share capital	Statutory reserve	Accumulated losses	Total
Balance as at January 1, 2023	**50,000,000**	**-**	**(3,048,838)**	**46,951,162**
Total comprehensive loss for the year:				
Net loss for the year	-	-	(467,337)	(467,337)
Other comprehensive income for the year	-	-	-	-
Total comprehensive loss for the year	-	-	(467,337)	(467,337)
Balance as at December 31, 2023	**50,000,000**	**-**	**(3,516,175)**	**46,483,825**
Balance as at January 1, 2022	**50,000,000**	**-**	**(1,802,496)**	**48,197,504**
Total comprehensive loss for the year:				
Net loss for the year	-	-	(1,246,342)	(1,246,342)
Other comprehensive income for the year	-	-	-	-
Total comprehensive loss for the year	-	-	(1,246,342)	(1,246,342)
Balance as at December 31, 2022	**50,000,000**	**-**	**(3,048,838)**	**46,951,162**

The accompanying notes from 1 to 18 form an integral part of these financial statements.

NATIXIS SAUDI ARABIA INVESTMENT COMPANY
(A SAUDI CLOSED JOINT STOCK COMPANY)
STATEMENT OF CASH FLOWS
(All amounts in Saudi Riyals unless otherwise stated)

	Note	For the year ended December 31, 2023	2022
Cash flows from operating activities:			
Loss for the year before income tax		**(531,847)**	(1,106,745)
Adjustments for:			
Depreciation	6 & 7	**1,093,607**	1,026,213
Provision for employees' EOSB	10	**189,483**	123,663
Loss on disposal of property and equipment		**-**	1,149
		751,243	44,280
Changes in operating assets and liabilities:			
Trade receivables		**(1,940,625)**	-
Prepayments and other receivables		**(14,435)**	(218,044)
Due from a related party		**(197,184)**	(1,006,963)
Accrued and other current liabilities		**(2,088,439)**	1,148,842
Due to a related party		**1,434,374**	(5,724,017)
Income tax paid	9.1	**(75,087)**	-
Employees' EOSB paid	10	**(270,405)**	-
Net cash generated from operating activities		**(2,400,558)**	(5,755,902)
Cash flows from investing activity:			
Purchase of fixtures and furniture	6	**(116,422)**	(555,009)
Net cash generated from investing activity		**(116,422)**	(555,009)
Cash flows from financing activity:			
Payment of lease liability	7.1	**(430,445)**	(424,781)
Net cash used in financing activity		**(430,445)**	(424,781)
Net change in cash and cash equivalents		**(2,947,425)**	(6,735,692)
Cash and cash equivalents at the beginning of the year		**43,470,266**	50,205,958
Cash and cash equivalents at the end of the year		**40,522,841**	43,470,266

The accompanying notes from 1 to 18 form an integral part of these financial statements.

1 GENERAL INFORMATION

Natixis Saudi Arabia Investment Company is a Saudi Closed Joint Stock Company. The Company was registered as a Saudi Closed Joint Stock Company in the Kingdom of Saudi Arabia under Commercial Registration number 1010616683 issued in Riyadh on Rabi II 14, 1441H (corresponding to December 12, 2019) and the Capital Market Authority ("CMA") license number 19205-31 dated Muharam 25, 1441H (corresponding to September 24, 2019).

As per the Articles of Association of the Company, the Company's first fiscal period under legal status of a Saudi Closed Joint Stock Company was from the date of commercial registration as a Saudi Closed Joint Stock Company i.e. December 12, 2019 and ended on December 31, 2020 of the following year i.e. December 31, 2020. The Company's statutory financial statements for the subsequent years are prepared from January 1 to December 31 of each Gregorian year.

The Company's registered office is located at 16th Floor, Al Faisaliah Tower, Riyadh, Kingdom of Saudi Arabia. The Company is a 100% subsidiary of Natixis, a company registered in France.

The objectives of the Company are to conduct dealing (as an underwriter) and arranging services. The Company has further updated its licensed activities and cancelled the advising license. The Company obtained the CMA's approval to operate with Dealing and Arranging licenses on September 20, 2021.

The accompanying financial statements were authorized for issue by the Company's Board of Directors on 26 March, 2024.

2 BASIS OF PREPARATION

a) Statement of compliance

The financial statements of the Company have been prepared in accordance with the 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 Company's By-Laws.

b) Basis of measurement and presentation

These financial statements have been prepared under the historical cost convention except for employees' end of service benefits (EOSB) carried at present value using Projected Unit Credit Method and using accrual basis of accounting.

c) Functional and presentation currency

These financial statements are presented in Saudi Arabian Riyals ("SAR") which is the functional and presentation currency of the Company.

d) Critical accounting judgements, estimates and assumptions

The preparation of financial statements in conformity with IFRS requires the use of certain critical estimates and judgments that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the reporting date and the reported amounts of revenue and expenses during the reporting period. Estimates and judgments are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. The Company makes estimates and judgments concerning the future. The resulting accounting estimates will by definition, seldom equal the related actual results.

There are no critical estimates that have a risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next twelve months.

3 MATERIAL ACCOUNTING POLICY

The material accounting policy adopted in the preparation of these financial statements are set out below.

(All amounts in Saudi Riyals unless otherwise stated)

3 MATERIAL ACCOUNTING POLICY (continued)

a) Change in accounting policies

The accounting policies used in the preparation of these financial statements are consistent with those used in the preparation of the financial statements for the year ended December 31, 2022 except for the adoption of the following amendments to IFRS explained below which became applicable for annual reporting periods commencing on or after January 1, 2023. The management has assessed that the below amendments have no significant impact on the financial statements.

The Company has adopted the following amendments, interpretations and revisions to existing standards, which were issued by the IASB and are applicable from January 1, 2023:

Standard / Interpretation	**Description**	**Effective from periods beginning on or after the following date**
IFRS 17, 'Insurance contracts'	This standard replaces IFRS 4, which permits a wide variety of practices in accounting for insurance contracts.	January 1, 2023
Narrow scope amendments to IAS 1, Practice statement 2 and IAS 8	The amendments aim to improve accounting policy disclosures and to help users of the financial statements to distinguish between changes in accounting estimates and changes in accounting policies.	January 1, 2023
Amendment to IAS 8-Defintion of accounting estimate	The amendment to IAS 8 Accounting Policies, Changes in Accounting estimates and errors clarifies how companies should distinguish changes in accounting policies from changes in accounting estimates. The distinction is important, because changes in accounting estimates are applied prospectively to future transactions and other future events, whereas changes in accounting policies are generally applied retrospectively to past transactions and other past events as well as the current period.	January 1, 2023
Amendment to IAS 12 - deferred tax related to assets and liabilities arising from a single transaction -	There amendments require companies to recognise deferred tax on transactions that, on initial recognition, give rise to equal amounts of taxable and deductible temporary differences.	January 1, 2023
Amendment to IAS 12 - International tax reform - pillar two model rules -	These amendments give companies temporary relief from accounting for deferred taxes arising from the Organisation for Economic Co-operation and Development's (OECD) international tax reform. The amendments also introduce targeted disclosure requirements for affected companies.	January 1, 2023

The adoption of the above amendments to standards and interpretations did not have any significant impact on these financial statements.

3 MATERIAL ACCOUNTING POLICY (continued)

a) Change in accounting policies (continued)

Standards Issued but not yet effectives and not early adopted:

Standards issued but not yet effective up to the date of issuance of the Company's financial statements are listed below. The listing is of standards and interpretations issued, which the Company reasonably expects to be applicable at a future date. The Company intends to adopt these standards when they become effective.

Standard / Interpretation	Description	Effective from periods beginning on or after the following date
Amendment to IFRS 16 – Leases on sale and leaseback	These amendments include requirements for sale and leaseback transactions in IFRS 16 to explain how an entity accounts for a sale and leaseback after the date of the transaction. Sale and leaseback transactions where some or all the lease payments are variable lease payments that do not depend on an index or rate are most likely to be impacted.	January 1, 2024
Amendments to IAS 7 and IFRS 7 on Supplier finance arrangements	These amendments require disclosures to enhance the transparency of supplier finance arrangements and their effects on a company's liabilities, cash flows and exposure to liquidity risk. The disclosure requirements are the IASB's response to investors' concerns that some companies' supplier finance arrangements are not sufficiently visible, hindering investors' analysis.	January 1, 2024
Amendment to IAS 1 – Non-current liabilities with covenants	These amendments clarify how conditions with which an entity must comply within twelve months after the reporting period affect the classification of a liability. The amendments also aim to improve information an entity provides related to liabilities subject to these conditions.	January 1, 2024
Amendments to IFRS 10 and IAS 28	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture – Amendments to IFRS 10 and IAS 28.	Available for optional adoption / effective date deferred indefinitely

b) Cash and bank balances

Cash and cash equivalents include bank account maintained with Saudi British Bank "SAB" and is carried in the statement of financial position at amortised cost. For the purpose of statement of cash flows, cash and cash equivalent include cash at bank and term deposits with original maturity of three months or less on the date of acquisition, if any.

c) Accounts receivables

Accounts receivables are amounts due from customers for the services performed in the ordinary course of business. If collection is expected in one year or less, they are classified as current assets. If not, they are presented as non-current assets. Accounts receivables are recognized initially at fair value and subsequently measured at amortised cost using the effective interest rate method, less allowance for Expected Credit Losses ("ECL"). Subsequent recoveries of amount previously written-off are credited to statement of income in "General and administrative expenses".

3 MATERIAL ACCOUNTING POLICY (continued)

d) Financial instruments

i. Initial recognition and measurement

Financial assets and financial liabilities are recognised when the Company becomes a party to the contractual provisions of the instrument. The Company records investments on a 'trade date' basis.

At initial recognition, the Company measures a financial asset or financial liability at its fair value plus or minus, in the case of a financial asset or financial liability not at fair value through statement of income, transaction costs that are incremental and directly attributable to the acquisition or issue of the financial asset or financial liability, such as fees and commissions. Immediately after initial recognition, an expected credit loss allowance ("ECL") is recognised for financial assets measured at amortised cost, which results in an impairment charge being recognised in the statement of income when an asset is newly originated.

ii. Classification and subsequent measurement of financial assets

On initial recognition, the Company classifies its financial assets in the following measurement categories:

- Amortised cost
- Fair value through other comprehensive income (FVOCI)
- Fair value through statement of income (FVSI)

<u>Debt instruments</u>

Debt instruments are those instruments that meet the definition of a financial liability form the issuer's perspective.

Classification and subsequent measurement of debt instruments depend on:

- The Company's business model for managing the asset; and
- The cash flow characteristics of the asset.

The business model reflects how the Company manages the assets in order to generate cash flows. That is, whether the Company's objective is solely to collect the contractual cash flows from the assets or is to collect both the contractual cash flows and cash flows arising from the sale of assets. If neither of these is applicable (e.g. financial assets are held for trading purposes), then the financial assets are classified as part of 'other' business model and measured at FVSI.

Factors considered by the Company in determining the business model for a group of assets include:

- past experience on how the cash flows for these assets were collected;
- how the asset's performance is internally evaluated and reported to key management personnel;
- how risks are assessed and managed; and
- and how managers are compensated.

The business model assessment is based on reasonably expected scenarios without taking 'worst case' or 'stress case' scenarios into account. If cash flows after initial recognition are realised in a way that is different from the Company's original expectations, the Company does not change the classification of the remaining financial assets held in that business model, but incorporates such information when assessing newly originated or newly purchased financial assets going forward.

Securities held for trading, if any, are held principally for the purpose of selling in the near term or are part of a portfolio of financial instruments that are managed together and for which there is evidence of a recent actual pattern of short-term profit-taking. These securities are classified in 'other' business model and measured at FVSI.

Where the business model is to hold assets to collect contractual cash flows or to collect contractual cash flows and sell, the Company assesses whether the financial instruments' cash flows represent solely payment of principal and profit (the "SPPP" test). In making this assessment, the Company considers whether the contractual cash flows are consistent with a basic lending arrangement i.e. profit (or special commission income) includes only consideration for the time value of resources, credit risk, other basic lending risks and a profit margin that is consistent with a basic lending arrangement. Where the contractual terms introduce exposure to risk or volatility that are inconsistent with a basic lending arrangement, the related financial asset is classified and measured at FVSI.

The SPPP assessment is performed on initial recognition of an asset and it is not subsequently re-assessed.

3 MATERIAL ACCOUNTING POLICY (continued)

d) Financial instruments (continued)

ii. Classification and subsequent measurement of financial assets (continued)

Debt instruments (continued)

Based on these factors, the Company classifies its debt instruments into one of the following three measurement categories:

Amortised cost

Assets that are held for collection of contractual cash flows where those cash flows represent SPPP, and that are not designated at FVSI, are measured at amortised cost.

Fair value through statement of income (FVSI)

If debt instrument's cash flows do not represent solely SPPP or if it is not held within the hold to collect or the hold to collect and sell business model, or if it is designated as FVSI, then it is measured at FVSI. A gain or loss on a debt investment measured at FVSI, where cash flows do not represents SPPP, is recognised in the statement of income, within "Net gain / (loss) on investments mandatorily measured at FVSI", in the period in which it arises. A gain or loss from debt instruments that were designated at fair value or which are held for trading are presented separately from debt investments that are mandatorily measured at fair value through statement of income, within "Net gain / (loss) in investments designated at FVSI or held for trading".

Fair value through other comprehensive income (FVOCI)

Financial assets that are held for collection of contractual cash flows and for selling the assets, where the assets' cash flows represent solely payments of principal and interest, and that are not designated at FVSI, are measured at fair value through other comprehensive income (FVOCI). Movements in the carrying amount are taken through OCI, except for the recognition of impairment gains or losses, interest revenue and foreign exchange gains and losses on the instrument's amortised cost which are recognized in statement of income. When the debt financial asset is derecognized, the cumulative gain or loss previously recognized in OCI is reclassified from equity to statement of income.

The Company reclassifies debt investments when and only when its business model for managing those assets changes. The reclassification takes place from the start of the first reporting period following the change. Such changes are expected to be very infrequent and none occurred during the period.

Currently, deposit with bank, accounts receivable and other receivables are carried at amortised cost.

Equity instruments

Equity instruments are instruments that meet the definition of equity from the issuer's perspective; that is, instruments that do not contain a contractual obligation to pay and that evidence a residual interest in the issuer's net assets.

The Company subsequently measures all equity investments at FVSI, except where the Company has elected, at initial recognition, to irrevocably designate an equity investment at FVOCI. The Company's policy is to designate equity investments as FVOCI when those investments are held for purposes other than to trade. When this election is used, fair value gains and losses are recognised in other comprehensive income and are not subsequently reclassified to the statement of income, including on disposal. On disposal, FV gain/losses in FV reserve is transferred directly to retained earnings. Impairment losses (and reversal of impairment losses) are not reported separately from other changes in fair value.

Currently the Company does not have any equity investments.

3 MATERIAL ACCOUNTING POLICY (continued)

d) Financial instruments (continued)

iii. Impairment of financial assets

The Company assesses on a forward-looking basis the expected credit losses ("ECL") associated with its debt instrument assets carried at amortised cost. The Company recognises a loss allowance for such losses at each reporting date. The measurement of ECL reflects:

- An unbiased and probability-weighted amount that is determined by evaluating a range of possible outcomes;
- The time value of resources; and
- Reasonable and supportable information that is available without undue cost or effort at the reporting date about past events, current conditions and forecasts of future economic conditions.

IFRS 9 outlines a 'three stage' model for impairment based on changes in credit quality since initial recognition as summarised below:

- A financial instrument that is not credit-impaired on initial recognition is classified in 'Stage 1' and has its credit risk continuously monitored.
- If a significant increase in credit risk ('SICR') since initial recognition is identified, the financial instrument is moved to 'Stage 2' but is not yet deemed to be credit-impaired.
- If the financial instrument is credit-impaired, the financial instrument is then moved to 'Stage 3'.
- Financial instrument in Stage 1 have their ECL measured at an amount equal to the portion of expected credit losses that result from the default events possible within the next 12 months. Instruments in Stages 2 or 3 have their ECL measured based on expected credit losses on a lifetime basis.
- A pervasive concept in measuring ECL in accordance with IFRS 9 is that it should be consider forward-looking information.
- Purchased or originated credit-impaired financial assets are those financial assets that are credit-impaired on initial recognition. Their ECL is always measured on a lifetime basis (Stage 3).

Stage 1: (Initial recognition) 12-month expected credit losses

Stage 2: (Significant increase in credit risk since initial recognition) Lifetime expected credit losses

Stage 3: (Credit impaired assets) Lifetime expected credit losses

The financial assets of the Company, which are subjected to ECL review include bank balances, accounts receivable and other receivables. The impact of ECL on the financial assets of the Company is immaterial. A significant exposure of the Company is held as placement with the Bank which has a sound credit rating as at the reporting date and the Company considers that it has low credit risk. The rating of the Bank as at December 31, 2023 was "A2" as per Moody's credit rating.

The impairment approach of IFRS 9 provides a framework for Expected Credit Losses (ECL) where in, the assets have to be segmented into three stages. The three stages reflect the general pattern of credit deterioration of a financial asset. The three stages differ in terms of recognition of expected credit losses and the presentation of interest revenue.

Stage 1 - Performing financial assets

Stage 1 assets are assessed based on Company's existing credit risk management standards for acceptable credit quality. Overall, the financial assets falling under this category have the following characteristics at minimum:

- Adequate capacity to meet its contractual cash flow obligations in the near term; and
- Adverse changes in economic and business conditions in the longer term may, but will not necessarily, reduce the ability to fulfil its obligations.

3 MATERIAL ACCOUNTING POLICY (continued)

d) Financial instruments (continued)

iii. Impairment of financial assets (continued)

Stage 2 - Financial Assets with significant increase in credit risk

These are financial assets whose credit quality has deteriorated significantly since origination but do not have objective evidence of impairment.

Stage 3 - Credit impaired financial assets

Financial assets classified under this category have exceeded either the objective thresholds set by the Company i.e. have defaulted or have been subjectively considered as obligors which lack a capacity to repay their contractual obligations, on a timely basis.

The Company considers “Default” event when the obligor is unlikely to pay for its credit obligations in full, without recourse by the Company to the actions such as realizing security (if held).

All financial liabilities are initially recognized at fair value less transaction costs except for financial liabilities measured at FVSI where transactions cost, if any, are not deducted from the fair value measurement at initial recognition and are included in the statement of income.

Subsequently, all special commission bearing financial liabilities other than those held at FVSI are measured at amortized cost. Amortized cost is calculated by taking into account any discount or premium on settlement. Currently accrued and other liabilities and lease liabilities are classified as financial liabilities at amortized cost

iv. Fair valuation of financial instruments

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. 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.

The principal or the most advantageous market must be accessible by the Company. The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their best economic interest.

A fair value measurement of a non-financial asset takes into account a market participant's ability to generate economic benefits from the asset’s highest and best use or by selling it to another market participant that would utilize the asset in its highest and best use.

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

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.

3 MATERIAL ACCOUNTING POLICY (continued)

d) Financial instruments (continued)

v. Derecognition of financial instruments

A financial asset is derecognized, when the contractual rights to the cash flows from the financial asset expire or the asset is transferred and the transfer qualifies for de-recognition. In instances where the Company is assessed to have transferred a financial asset, the asset is derecognized if the Company has transferred substantially all the risks and rewards of ownership. Where the Company has neither transferred nor retained substantially all the risks and rewards of ownership, the financial asset is derecognized only if the Company has not retained control of the financial asset. The Company recognizes separately as assets or liabilities any rights and obligations created or retained in the process. A financial liability is derecognized only when it is extinguished, that is when the obligation specified in the contract is either discharged, cancelled or expired.

vi. Offsetting of financial instruments

Financial assets and financial liabilities are offset with the net amount reported in the statement of financial position only if there is an enforceable legal right to offset the recognized amounts and an intent to settle on a net basis, or to realize the assets and settle the liabilities simultaneously.

e) Property and equipment and right-of-use asset

Property and equipment are stated at historical cost less accumulated depreciation and accumulated impairment losses, if any. Historical cost includes expenditure that is directly attributable to the acquisition of the items. 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 Company and the cost of the item can be measured reliably. All other repairs and maintenance are charged to profit or loss during the reporting period in which they are incurred.

Depreciation is calculated on fixtures and furniture so as to allocate its cost, less estimated residual value, on a straight line basis over the estimated useful lives of the assets. Depreciation is charged to the statement of income over the following estimated economic useful lives:

	Number of years
Office equipment	5 – 10
IT equipment	3

Full month depreciation / amortization is charged in the month of addition while no depreciation / amortization is charged in the month of disposal. Gains and losses on disposals are determined by comparing proceeds with carrying amounts and are included in the statement of income.

f) Impairment of non-current assets

The Company reviews its non-current assets for impairment at each reporting date whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognized for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell or value-in-use.

Non-current assets that suffer impairment loss are reviewed for possible reversal of the impairment at each reporting date. When it becomes evident that the circumstances which resulted in the impairment no longer exist, the impairment amount is reversed (except for goodwill) and recorded as income in the statement of income in the year/period in which such reversal is determined.

g) Accrued and other current liabilities

Liabilities are recognized for amounts to be paid for goods and services received, whether or not billed to the Company. The Company is carrying these at amortised cost.

3 MATERIAL ACCOUNTING POLICY (continued)

h) Employees' end of service benefits (EOSBs)

The provision for employees' end of service benefits (EOSBs) is made based on an actuarial valuation of the Company's liability under the Saudi Arabian Labour Law.

In accordance with the provisions of IAS 19 "Employee benefits", management carries out an exercise to assess the present value of its obligations, using the projected unit credit method. Under this method an assessment is made of the employees' expected service life with the Company and expected salary at the date of leaving the service.

The cost of providing benefits under the Company's defined benefit plans is determined using the projected unit credit method by professionally qualified actuaries and arrived at using actuarial assumptions based in the market expectations at the date of statement of financial position. These valuations attribute entitlement benefits to the current period (to determine the current service cost). Re-measurements, comprising of actuarial gains and losses, are recognized immediately in the statement of financial position with a corresponding debit or credit to retained earnings through statement of comprehensive income in the period in which these occur. Re-measurements are not reclassified to statement of income in subsequent periods.

Past service costs are recognized in the statement of income on the earlier of:

- the date of the plan amendment or curtailment; and
- the date that the Company recognizes restructuring-related costs.

Net interest is calculated by applying the discount rate to the net defined benefit liability. The defined benefit liability in the statement of financial position comprises the present value of the defined benefit obligation (using a discount rate).

i) Provisions

Provisions are recognized when; the Company has a present legal or constructive obligation as a result of a past event; it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation; and the amount can be estimated reliably.

j) Income Taxes

The Company is subject to income tax in accordance with the regulation of the Zakat, Tax and Customs Authority ("ZATCA"). Income taxes are charged to the statement of income. Additional amounts payable, if any, at the finalization of final assessments are accounted for when such amounts are determined.

Deferred tax is provided in full, if material, using the liability method on temporary differences between the tax bases of assets and liabilities and their carrying amounts in the financial statements at the reporting date.

Deferred tax liabilities are recognized for all taxable temporary differences, except when the deferred tax liability arises from the initial recognition of goodwill or an asset or liability in a transaction that is not a business combination and at the time of the transaction, affects neither the accounting profit nor taxable profit or loss. Deferred tax assets are recognized for all deductible temporary differences, the carry forward of unused tax credits and unused tax losses to the extent that it is probable that taxable profit will be available against which the deductible temporary differences can be utilized. Deferred tax is determined using tax rates (and laws) that have been enacted or substantially enacted by the end of the reporting period and are expected to apply when the related deferred income tax asset is realised or the deferred tax liability is settled.

Deferred tax relating to items recognised outside statement of income is recognised either in statement of comprehensive income or directly in equity.

The carrying amount of deferred tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilised. Unrecognised deferred tax assets are reassessed at each reporting date and are recognised to the extent that it has become probable that future taxable profits will allow the deferred tax asset to be recovered.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets and liabilities and when the deferred tax balances relate to the same taxation authority. Current tax assets and tax liabilities are offset where the entity has a legally enforceable right to offset and intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously.

The Company also withholds taxes on certain transactions with non-resident parties in the Kingdom of Saudi Arabia as required under Saudi Arabian Income Tax Law.

3 MATERIAL ACCOUNTING POLICY (continued)

j) Income Taxes (continued)

Value added tax ("VAT")

The Company is subject to VAT in accordance with the regulations in the Kingdom of Saudi Arabia. Output VAT related to revenue is payable to tax authorities on the earlier of (a) collection of receivables from customers or (b) delivery of services to customers. Input VAT is generally recoverable against output VAT upon receipt of the VAT invoice. The tax authorities permit the settlement of VAT on a net basis. VAT related to sales/services and purchases is recognised in the statement of financial position on a gross basis and disclosed separately as an asset and a liability. Where provision has been made for ECL of receivables, the impairment loss is recorded for the gross amount of the debtor, including VAT.

VAT that is not recoverable is charged to the statement of income as expense.

k) Revenues

The Company 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 Company 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 Company allocates the transaction price to each performance obligation in an amount that depicts the amount of consideration to which the Company expects to be entitled in exchange for satisfying each performance obligation.
Step 5: Recognise revenue	The Company recognises revenue (or as) it satisfies a performance obligation by transferring a promised good or service to the customer under a contract.

Based on the five-step model, the revenue recognition policies for the various revenue streams are as follows:

Advisory services

Income from advisory services is recognised based on services rendered as being complete in accordance with the underlying agreement / contract using the five-step approach to revenue recognition above.

Normally revenue recognition of retainer fees is recognized over a period of time, in case if an advance payment is received to perform future obligations. Generally, it is linked to timing of performance obligation. For example, monthly, quarterly, etc. In that case the income from retainer fees is to be recognized on timely basis.

In some cases, accrual of the retainer fees is linked to agreed milestones. If the terms of retainer fees are linked to such performance obligations, then upon satisfaction of such performance obligations, that is, on fulfilment of terms as per the contract with the customers.

Success fees, as the name indicates, the revenue is recognised upon fulfilment of performance obligations. For example, achievement of certain objectives as a financial advisor.

Arranging services

Income from arranging services is recognised on an accrual basis when the agreed services are provided.

Special commission income

Special commission income is recognised on an accrual basis based on effective commission rate method.

3 MATERIAL ACCOUNTING POLICY (continued)

k) Revenues (continued)

Income from Service Level agreement / Master Service agreement

The entity enters into transactions with another company that falls within the definition of a related party as contained in International Accounting Standard 24: Related Party Disclosures. Related parties comprise of companies/entities under common ownership and/or common management control and key management personnel. The management decides on the terms and conditions of transactions and of services received/rendered from/to related parties as well as other charges.

Income from underwriting services

Underwriting fees are recognized when the Company has rendered all services to the issuer and is entitled to collect the fee from the issuer with no contingencies associated with the fees. Underwriting revenues are presented net of transaction-related expenses.

l) Foreign currency translations and balances

Foreign currency transactions are translated into Saudi Riyals using the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at the period-end exchange rates of monetary assets and liabilities denominated in foreign currencies other than Saudi Riyals are recognized in the statement of income.

Foreign exchange gains and losses that relate to borrowings are presented in the statement of income, within finance costs. All other foreign exchange gains and losses are presented in the statement of income on a net basis within other gains / (losses), if any.

Non-monetary items that are measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value was determined. Translation differences on assets and liabilities carried at fair value are reported as part of the fair value gain or loss. For example, translation differences on non-monetary assets and liabilities such as equities held at FVSI are recognised in statement of income as part of the fair value gain or loss and translation differences on non-monetary assets such as equities classified as at FVOCI are recognised in other comprehensive income.

m) Trade date accounting

All regular way purchases and sales of financial instruments are recognized and derecognized on the trade date. Regular way purchases or sales are purchases or sales of financial instruments that require delivery of assets within the time frame generally established by regulation or convention in the market place. For financial instruments held at fair value, the Company accounts for any change in fair values between the trade date and the reporting date.

n) Leases

Rental contracts may contain both lease and non-lease components. The Company allocates the consideration in the contract to the lease and non-lease components based on their relative stand-alone prices. However, for leases of real estate for which the Company is a lessee, it has elected not to separate lease and non-lease components and instead accounts for these as a single lease component.

Lease terms are negotiated on an individual basis and contain a wide range of different terms and conditions. The lease agreements do not impose any covenants other than the security interests in the leased assets that are held by the lessor. Leased assets may not be used as security for borrowing purposes.

Assets and liabilities arising from a lease are initially measured on a present value basis. Lease liabilities include the net present value of the following lease payments:

- fixed payments (including in-substance fixed payments), less any lease incentives receivable
- variable lease payment that are based on an index or a rate, initially measured using the index or rate as at the commencement date
- amounts expected to be payable by the Company under residual value guarantees
- the exercise price of a purchase option if the Company is reasonably certain to exercise that option
- payments of penalties for terminating the lease, if the lease term reflects the Company exercising that option.

(All amounts in Saudi Riyals unless otherwise stated)

3 MATERIAL ACCOUNTING POLICY (continued)

n) Leases (continued)

Lease payments to be made under reasonably certain extension options are also included in the measurement of the liability.

The lease payments are discounted using the interest rate implicit in the lease. If that rate cannot be readily determined, which is generally the case for leases in the Company, the lessee's incremental borrowing rate is used, being the rate that the individual lessee would have to pay to borrow the funds necessary to obtain an asset of similar value to the right-of-use asset in a similar economic environment with similar terms, security and conditions.

To determine the incremental borrowing rate, the Company:

- where possible, uses recent third-party financing received by the individual lessee as a starting point, adjusted to reflect changes in financing conditions since third party financing was received

- uses a build-up approach that starts with a risk-free interest rate adjusted for credit risk for leases held by the Company, which does not have recent third party financing, and

- makes adjustments specific to the lease, term, country, currency and security.

Lease payments are allocated between principal and finance cost. The finance cost is charged to statement of income over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period.

Right-of-use assets are measured at cost comprising the following:

- the amount of the initial measurement of lease liability
- any lease payments made at or before the commencement date less any lease incentives received
- any initial direct costs, and
- restoration costs.

Right-of-use assets are generally depreciated over the shorter of the asset's useful life and the lease term on a straight-line basis. If the Company is reasonably certain to exercise a purchase option, the right-of-use asset is depreciated over the underlying asset's useful life.

Payments associated with short-term leases of equipment and vehicles and all leases of low-value assets are recognised on a straight-line basis as an expense in statement of of income. Short-term leases are leases with a lease term of 12 months or less. Low-value assets comprise information technology equipment and small items of office furniture.

Extension and termination options

Extension and termination options are included in a number of property and equipment leases across the Company. These are used to maximise operational flexibility in terms of managing the assets used in the Company's operations. The majority of extension and termination options held are exercisable only by the Company and not by the respective lessor.

4 CASH AND CASH EQUIVALENTS

	Note	As at December 31, 2023	As at December 31, 2022
Cash at bank - current account	4.1	**2,226,652**	43,470,266
Term deposit	4.1	**38,000,000**	-
Interest receivable on term deposit	4.1	**296,189**	-
		40,522,841	43,470,266

4.1 Cash at bank and term deposit are maintained with Saudi Awwal Bank.

(All amounts in Saudi Riyals unless otherwise stated)

5 PREPAYMENTS AND OTHER RECEIVABLES

	As at December 31, 2023	As at December 31, 2022
VAT receivables	**301,830**	263,276
Prepaid license fees	**79,917**	141,917
Prepaid insurance	**75,941**	23,597
Office deposit	**35,460**	35,460
Other	**80,358**	94,821
	573,506	559,071

6 PROPERTY AND EQUIPMENT, NET

December 31, 2023	IT equipment	Office equipment	Total
Cost:			
At the beginning of the year	**249,561**	**2,685,481**	**2,935,042**
Additions during the year	**116,422**	**-**	**116,422**
Disposals during the year	**-**	**-**	**-**
At the end of the year	**365,983**	**2,685,481**	**3,051,464**
Accumulated depreciation:			
At the beginning of the year	**60,281**	**612,389**	**672,670**
Charge for the year	**122,515**	**545,416**	**667,931**
Disposals during the year	**-**	**-**	**-**
At the end of the year	**182,796**	**1,157,805**	**1,340,601**
Net book value			
As at December 31, 2023	**183,187**	**1,527,676**	**1,710,863**

December 31, 2022	IT equipment	Office equipment	Total
Cost:			
At the beginning of the year	-	2,385,943	2,385,943
Additions during the year	249,561	305,448	555,009
Disposals during the year	-	(5,910)	(5,910)
At the end of the year	249,561	2,685,481	2,935,042
Accumulated depreciation:			
At the beginning of the year	-	76,893	76,893
Charge for the year	60,281	540,257	600,538
Disposals during the year	-	(4,761)	(4,761)
At the end of the year	60,281	612,389	672,670
Net book value			
As at December 31, 2022	189,280	2,073,092	2,262,372

7 RIGHT-OF-USE-ASSETS AND LEASE LIABILITY

	As at December 31, 2023	As at December 31, 2022
Cost:		
At the beginning of the year and at the end of the year	**2,021,959**	2,021,959
Accumulated amortisation:		
At the beginning of the year	**744,932**	319,257
Charge for the year	**425,676**	425,675
At the end of the year	**1,170,608**	744,932
Net book value	**851,351**	1,277,027

(All amounts in Saudi Riyals unless otherwise stated)

7 RIGHT-OF-USE-ASSETS AND LEASE LIABILITY (continued)

7.1 Right-of-use assets balance include asset recognized upon adoption of IFRS 16 Leases. The movement of corresponding lease liability is as follows:

	As at December 31, 2023	As at December 31, 2022
Lease liability at the beginning of the year	**1,291,335**	1,716,116
Additions during the year	**-**	-
Payment during the year	**(430,445)**	(424,781)
Finance cost on lease liability	**-**	-
Lease liability at the end of the year	**860,890**	1,291,335

8 ACCRUALS AND OTHER LIABILITIES

	As at December 31, 2023	As at December 31, 2022
Accrued professional fees	**399,735**	460,029
Accrued bonus and other employee cost	**389,892**	1,251,033
Board members' fee	**70,833**	270,833
Withholding tax accruals	**68,368**	1,002,160
Other	**-**	33,212
	928,828	3,017,267

9 INCOME TAX

	For the year ended December 31,	
	2023	2022
Loss for the year before tax	**(531,847)**	(1,106,745)
Adjustments:		
Accounting depreciation (notes 6 & 7)	**1,093,606**	1,026,213
Loss on disposal of property and equipment	**-**	1,149
Life insurance	**24,783**	17,236
Penalties	**500**	715
Provision for employees' EOSB (note 10)	**189,483**	123,663
Utilization of EOSB Provision (note 10)	**(270,405)**	-
Entertainment expenses	**7,925**	-
Tax expense	**91,933**	1,109,828
Less: Allowable deductions		
Depreciation per ZATCA scale rates	**(732,134)**	(241,413)
Adjusted (loss) / income	**(126,155)**	930,646
Less: Losses brought forward	**-**	(232,661)
Net taxable (loss) / income	**(126,155)**	697,985
Tax rate	**20%**	20%
Provision for taxation	**-**	139,597

9.1 Movement in provision for income tax during the year is as follows:

	As at December 31, 2023	As at December 31, 2022
Balance at the beginning of the year	**139,597**	-
Charge during the year	**-**	139,597
Reversal during the year	**(64,510)**	-
Payment during the year	**(75,087)**	-
Balance at the end of the year	**-**	139,597

The Company has submitted its tax return for the years ended December 31, 2021 and 2022 and has obtained the final tax certificate which is valid until April 30, 2024. ZATCA has not raised any assessment to date.

(All amounts in Saudi Riyals unless otherwise stated)

10 EMPLOYEES' END OF SERVICE BENEFITS (EOSB)

The Company operates a defined benefit plan in line with the Labour Law requirement in Saudi Arabia. The end-of-service benefit payments under the plan are based on the employees' final salaries and allowances and their cumulative years of service at the date of their termination of employment. Employees' end-of-service benefit plans are unfunded plans and the benefit payment obligation are met when they fall due upon termination of employment.

	As at December 31, 2023	**As at December 31, 2022**
Balance at the beginning of the year	**266,895**	143,232
Charge for the year:		
• Amount recognised in statement of income	**189,483**	123,663
• Amount recognised in other comprehensive income	**-**	-
Payments during the year	**(270,405)**	-
Balance at the end of the year	**185,973**	266,895

The amounts recognised in the statement of financial position and the movements in the end of service obligation over the year are as follows:

	As at December 31, 2023	**As at December 31, 2022**
Balance at the beginning of the year	**266,895**	143,232
Current service cost	**189,483**	123,663
Interest expense	**-**	-
	189,483	123,663
Re-measurements due to actuarial valuation	**-**	-
Benefits paid	**(270,405)**	-
Balance at the end of the year	**185,973**	266,895

11 SHARE CAPITAL

The authorized and paid-up share capital of the Company is divided into 5,000,000 shares of Saudi Riyals 10 each. The shareholding of the Company for the year ended December 31, 2023 and 2022 is as follows:

Shareholder	**Country of origin**		**As at December 31, 2023**	**As at December 31, 2022**
Natixis	**France**	**Number of shares**	**5,000,000**	5,000,000
		Share capital	**50,000,000**	50,000,000

The objective of managing capital is to safeguard the Company's ability to continue as a going concern, so that it could continue to provide adequate returns to shareholder by pricing products and services commensurate with the level of risk. It is the policy of the Company to maintain adequate capital base so as to maintain investor, creditor, and market confidence and to support future development of the business. The Company's capital base sufficiently covers all material risks meeting the minimum capital requirement and the Company intends to maintain a healthy capital ratio to cater future business growth. The Company's objectives when managing capital are, to comply with the capital requirements set by the CMA to safeguard the Company's ability to continue as a going concern and to maintain a strong capital base. As at December 31, 2023, the Company was in compliance with the externally imposed capital restrictions.

12 STATUTORY RESERVE

In accordance with the Company's Articles of Association, 10% of the net income is required to be transferred to statutory reserve until the reserve equals at least 30% of the share capital of the Company.

The Company has incurred a net loss for the period ended December 31, 2023 amounting to SAR 467,337 (2023: SAR 1,246,342), therefore, no transfer to statutory reserve has been made. Transfers will be made once the accumulated losses have been exhausted.

13 CONTINGENCIES AND COMMITMENTS

There were no contingencies as at December 31, 2023.

(All amounts in Saudi Riyals unless otherwise stated)

14 OTHER GENERAL AND ADMINISTRATIVE EXPENSES

	For the year ended December 31,	
	2023	**2022**
Professional fees	**1,717,931**	1,590,817
Registration and license fees	**167,000**	167,000
Travel services	**145,087**	299,410
Withholding taxes and bank charges	**99,981**	1,137,749
Telecommunication expenses	**219,137**	184,629
Other	**58,317**	235,401
	2,407,453	3,615,006

15 RELATED PARTY TRANSACTIONS AND BALANCES

Significant transactions with related parties in the ordinary course of business included in the financial statements are summarized below:

15.1 Related party transactions

	For the year ended December 31,	
	2023	**2022**
Natixis Dubai DIFC - Affiliate:		
Income from service level agreement	**9,621,968**	8,709,248
Expense related to Master Service Agreement	**(1,366,500)**	(1,366,500)
Recharge to a related party based on TP agreement	**(1,434,375)**	-
Key management personnel:		
Key management personnel compensation	**5,678,724**	**4,087,013**

Service Level Agreement

The Company has entered into a Service Level Agreement with a related party, the conditions upon which it agrees to provide the related party client relationship management services in relation to Global Market activities. In consideration of services provided to a related party, the Company will recharge an amount equal to 85% of the total amount of costs and expenses incurred in the performance of service plus a 15% margin.

Master Service Agreement

The Company has outsourced certain support function services to a related party as per the master service agreement between the two entities. The outsourced services include finance, information technology, human resources, operations and other support services. The costs are agreed and allocated based on terms of the said agreements and are payable annually in arrears. The cost agreed for these outsourced services amount to SAR 1,366,501 for the year ended December 31, 2023 (2022: SAR 1,366,501)

Recharge to a related party based on TP agreement

The Company enters into a Transfer Pricing "TP" agreement involving revenue split with related party. The conditions are determined by a benchmarking exercise that are in line with local and international guidelines issued.

The net income generated during the year as follows:

	For the year ended December 31,	
	2023	**2022**
Income from arranging services	**1,687,500**	-
Recharge to a related party based on TP agreement	**(1,434,375)**	-
	253,125	-

15 RELATED PARTY TRANSACTIONS AND BALANCES (continued)

15.2 Related party balances

	As at December 31, 2023	**As at December 31, 2022**
Due from a related party – (Affiliate)	**4,408,580**	4,211,396
Due to a related party – (Affiliate)	**(1,548,250)**	(113,876)

16 FINANCIAL RISK MANAGEMENT

The Company's activities expose it to a variety of financial risks: market risk (including foreign exchange risk, commission rate risks and price risk), credit risk and liquidity risk. The Company's overall risk management program focuses on the unpredictability of financial markets and seeks to minimize potential adverse effects on the Company's financial performance. Risk management is carried out by the management under policies approved by the board of directors.

This note presents information about the Company’s exposure to each of the above risks, the Company’s objectives, policies and processes for measuring and managing risk, and the Company’s management of capital. Further, quantitative disclosures are included throughout these financial statements.

The Company has exposure to the following risks arising from financial instruments:

- Market risk
- Credit risk
- Liquidity risk
- Operational risk

16.1 Market risk

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices / commission rates.

a) Foreign exchange risk

Foreign exchange risk is the risk that the value of a financial instrument will fluctuate due to changes in foreign exchange rates.

Exposure:

The currency conversion rate between the United States Dollars (“USD”) and Saudi Riyals is pegged and has remained constant over the past several years. Currency risk arises on Company’s transactions denominated in Euro, Bahraini Dinar, Pound Sterling, and United Arab Emirates Dirham.

The Company does not hedge against foreign currency risk.

(All amounts in Saudi Riyals unless otherwise stated)

16 FINANCIAL RISK MANAGEMENT (continued)

16.1 Market risk (continued)

b) Commission rate risk

Commission rate risk is the exposure to various risks associated with the effect of fluctuations in the prevailing commission rates on the Company's financial position and cash flows.

Exposure:

The Company's commission rate risks arise mainly from its term deposits which are at fixed rate of commission and there is no risk related to rating.

Commission rate risk	**Within 3 months**	**3-12 months**	**Over 1 year**	**Non commission bearing**	**Total**
As at December 31, 2023					
Cash and cash equivalent	**38,296,189**	**-**	**-**	**2,226,652**	**40,522,841**
Trade receivables	**-**	**-**	**-**	**1,940,625**	**1,940,625**
Other receivables	**-**	**-**	**-**	**-**	**-**
Due from a related party	**-**	**-**	**-**	**4,408,580**	**4,408,580**
Total financial assets	**38,296,189**	**-**	**-**	**8,575,857**	**46,872,046**
Other liabilities	**-**	**-**	**-**	**860,460**	**860,460**
Due to a related party	**-**	**-**	**-**	**1,548,250**	**1,548,250**
Lease liabilities	**430,445**	**-**	**430,445**	**-**	**860,890**
Total financial liabilities	**430,445**	**-**	**430,445**	**2,408,710**	**3,269,600**
Net	**37,865,744**	**-**	**(430,445)**	**6,167,147**	**43,602,446**

Commission rate risk	**Within 3 months**	**3-12 months**	**Over 1 year**	**Non commission bearing**	**Total**
As at December 31, 2022					
Cash and cash equivalent	-	-	-	43,470,266	43,470,266
Trade receivables	-	-	-	-	-
Other receivables	-	-	-	-	-
Due from a related party	-	-	-	4,211,396	4,211,396
Total financial assets	-	-	-	47,681,662	47,681,662
Other liabilities	-	-	-	1,981,895	1,981,895
Due to a related party	-	-	-	113,876	113,876
Lease liabilities	430,445	-	860,890	-	1,291,335
Total financial liabilities	430,445	-	860,890	2,095,771	3,387,106
Net	(430,445)	-	(860,890)	45,585,891	44,294,556

c) Price risk

Price risk is the risk that the value of a financial instrument will fluctuate as a result of changes in market prices, whether those changes are caused by factors specific to the individual instrument or its issuer or factors affecting all instruments traded in the market. The Company is not exposed to price risk as there are no financial assets held by the Company which are carried at fair value.

(All amounts in Saudi Riyals unless otherwise stated)

16 FINANCIAL RISK MANAGEMENT (continued)

16.2 Credit risk

Credit risk is the risk that one party to the agreement will fail to discharge its obligation and cause the other party to incur a financial loss. The Company is exposed to credit risk from its operating activities (pertaining to cash and cash equivalents, accounts receivable, due from related party and other receivables). Outstanding accounts receivables are regularly monitored, and any credit concerns highlighted to senior management. The cash and cash equivalents is with a low credit risk bank therefore no expected credit loss is booked.

Credit quality analysis

The following table sets out the credit analysis for financial assets as at December 31, 2023 and 2022:

As at December 31, 2023	Investment grade	Unrated	Total
Cash and cash equivalent	**40,522,841**	**-**	**40,522,841**
Trade receivables	**-**	**1,940,625**	**1,940,625**
Other receivables	**-**	**-**	**-**
Due from a related party	**-**	**4,408,580**	**4,408,580**
Total	**40,522,841**	**6,349,205**	**46,872,046**

As at December 31, 2022	Investment grade	Unrated	Total
Cash and cash equivalent	43,470,266	-	43,470,266
Trade receivables	-	-	-
Other receivables	-	-	-
Due from a related party	-	4,211,396	4,211,396
Total	43,470,266	4,211,396	47,681,662

16.3 Liquidity risk

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they fall due. The Company's approach to managing liquidity is to ensure, as far as possible, that it will have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Company's reputation.

Typically, the Company ensures that it has sufficient cash on demand to meet expected operational expenses including the servicing of financial obligations. This excludes the potential impact of extreme circumstances that cannot be reasonably predicted, such as natural disasters. In addition, the Company has access to credit facilities.

The table below analyses the Company's financial liabilities into the relevant maturity groupings based on the remaining period at the reporting date to the contractual maturity date. The amounts disclosed in the table are the contractual undiscounted cash flows. Balances due within twelve months equal their carrying balances, as the impact of discounting is not significant.

	Less than 1 year	Between 1 and 5 years	Over 5 years	Total
As at December 31, 2023				
Other liabilities	**860,460**	-	-	**860,460**
Due to a related party	**1,548,250**	-	-	**1,548,250**
Lease liabilities	**430,445**	**430,445**	-	**860,890**
	2,839,155	**430,445**	-	**3,269,600**

	Less than 1 year	Between 1 and 5 years	Over 5 years	Total
As at December 31, 2022				
Other liabilities	1,981,895	-	-	1,981,895
Due to a related party	113,876	-	-	113,876
Lease liabilities	430,445	860,890	-	1,291,335
	2,526,216	860,890	-	3,387,106

16 FINANCIAL RISK MANAGEMENT (continued)

16.4 Operational risk

Operational risk is the risk of direct or indirect loss arising from a variety of causes associated with the processes, technology and infrastructure supporting the Company's activities either internally or externally at the Company's service provider and from external factors other than credit, liquidity, currency and market risks such as those arising from the legal and regulatory requirements.

Operational risk is a distinct risk category which the Company manages within acceptable levels through sound operational risk management practices that are part of the day-to-day responsibilities of management at all levels. The objective in managing operational risk is to ensure control of the resources by protecting the assets of the Company and minimising the potential for financial loss.

The Company's risk management approach involves identifying, assessing, managing, mitigating, monitoring and measuring the risks associated with operations. The management of operational risk has a key objective of minimising the impact of losses suffered in the normal course of business (expected losses) and to avoid or reduce the likelihood of suffering a large extreme (unexpected) loss.

17 FAIR VALUE ESTIMATION

As at December 31, 2023, the fair values of the Company's financial instruments are estimated to approximate their carrying values.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an ordinary transaction between market participants at the measurement date in the principal or, in its absence, the most advantageous market to which the Company has access at that date. The fair value of a liability reflects its non-performance risk.

Management regularly reviews significant unobservable inputs and valuation adjustments. If third party information, such as broker quotes or pricing services, is used to measure fair values, then management assesses the evidence obtained from the third parties to support the conclusion that such valuations meet the requirements of IFRS that are endorsed in the Kingdom of Saudi Arabia, including the level in the fair value hierarchy in which such valuations should be classified.

When measuring the fair value of an asset or 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 prices (unadjusted) in active markets for identical assets or liabilities.

Level 2: inputs other than quoted prices included in level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).

Level 3: inputs for the asset or liability that are not based on observable market data (unobservable inputs).

If the inputs used to measure the fair value of an asset or liability falls 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 input level that is significant to the entire measurement.

The Company recognizes transfers between levels of the fair value hierarchy at the end of the reporting period during which the change has occurred.

The Company recognizes transfers between levels of the fair value hierarchy at the end of the reporting period during which the change has occurred. During the year ended December 31, 2023, there were no transfers into or out of Level 3 fair value measurements.

(All amounts in Saudi Riyals unless otherwise stated)

18 FINANCIAL INSTRUMENTS BY CATEGORY

All financial assets and financial liabilities are classified under amortised cost category.

	Measurement category	As at December 31, 2023	As at December 31, 2022
Financial assets			
Cash and cash equivalent	Amortised cost	**40,522,841**	43,470,266
Trade receivables	Amortised cost	**1,940,625**	-
Other receivables	Amortised cost	**-**	-
Due from a related party	Amortised cost	**4,408,580**	4,211,396
Total financial assets		**46,872,046**	47,681,662

	Measurement category	As at December 31, 2023	As at December 31, 2022
Financial liabilities			
Other liabilities	Amortised cost	**860,460**	1,981,895
Due to a related party	Amortised cost	**1,548,250**	113,876
Lease liabilities	Amortised cost	**860,890**	1,291,335
Total financial liabilities		**3,269,600**	3,387,106