ITQAN CAPITAL
(Closed Joint Stock Company)

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

Independent auditor's report to the shareholders of Itqan Capital

Report on the audit of the consolidated financial statements

Our opinion

In our opinion, the consolidated financial statements present fairly, in all material respects, the consolidated financial position of Itqan Capital (the "Company") and its subsidiary (together the "Group") as at 31 December 2023, and its consolidated financial performance and its consolidated 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 Group's consolidated financial statements comprise:

- The consolidated statement of financial position as at 31 December 2023.
- The consolidated statement of comprehensive income for the year then ended.
- The consolidated statement of changes in equity for the year then ended.
- The consolidated statement of cash flows for the year then ended.
- Notes to the consolidated financial statements, which include material accounting policy information and other explanatory information.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing that is 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 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 Group 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 consolidated financial statements and we have fulfilled our other ethical responsibilities in accordance with this Code's requirements.

Responsibilities of management and those charged with governance for the consolidated 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 Saudi Organization for Chartered and Professional Accountants (SOCPA), and the applicable requirements of the Regulations for Companies and the Company's Articles of Association, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the 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, i.e. the Board of Directors, are responsible for overseeing the Group's financial reporting process.

PricewaterhouseCoopers, License No. 25,
Kingdom Tower, P.O. Box 8282, Riyadh 11482, Kingdom of Saudi Arabia
T: +966 (11) 211-0400, F: +966 (11) 211-0401, www.pwc.com/middle-east

Independent auditor's report to the shareholders of Itqan Capital (continued)

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 the 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 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, 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.

- 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.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the Group audit. We remain solely responsible for our audit opinion.

We communicate to 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

Mufaddal A. Ali
License Number 447

21 Ramadan 1445H
31 March 2024

برايس وترهاوس كوبرز
محاسبون قانونيون
ترخيص ٣٢٣/١١/٢٥/١
س.ت ٤٠٣٠٢٨٩٠٠٢
PRICEWATERHOUSECOOPERS
CERTIFIED PUBLIC ACCOUNTANTS
Lic No. 323/11/25/1
C.R. 4030289002

ITQAN CAPITAL
(Closed Joint Stock Company)
Consolidated statement of financial position
(All amounts are in Saudi Riyals unless otherwise stated)

	Note	As at 31 December	
		2023	**2022**
Assets			
Non-current assets			
Property and equipment	6	**661,461**	867,664
Intangible assets	7	**48,819**	-
Right-of-use assets	8	**598,542**	876,436
Financial assets at fair value through profit or loss	9	**33,359,113**	29,988,184
Total non-current assets		**34,667,935**	31,732,284
Current assets			
Financial assets at fair value through profit or loss	9	**12,805,026**	13,419,162
Trade receivables and other assets	10	**20,324,426**	12,665,231
Murabaha deposits	12	**2,793,536**	2,641,479
Cash and cash equivalents	11	**470,576**	450,472
Total current assets		**36,393,564**	29,176,344
Total assets		**71,061,499**	60,908,628
Shareholders' equity and liabilities			
Shareholders' equity			
Share capital	13	**56,042,030**	56,042,030
Retained earnings / (Accumulated losses)		**5,431,145**	(3,684,262)
Net shareholders' equity		**61,473,175**	52,357,768
Liabilities			
Non-current liabilities			
Lease liabilities	8	**372,688**	684,663
Employee benefit obligations	14	**1,409,469**	1,118,196
Total non-current liabilities		**1,782,157**	1,802,859
Current liabilities			
Trade and other payables	15	**6,692,665**	5,627,313
Lease liabilities	8	**342,871**	347,323
Zakat and tax liabilities	16	**770,631**	773,365
Total current liabilities		**7,806,167**	6,748,001
Total liabilities		**9,588,324**	8,550,860
Total shareholders' equity and liabilities		**71,061,499**	60,908,628

The notes form an integral part of these consolidated financial statements.

ITQAN CAPITAL
(Closed Joint Stock Company)
Consolidated statement of comprehensive income
(All amounts are in Saudi Riyals unless otherwise stated)

	Note	Year ended 31 December 2023	2022
Revenue			
Revenue from services	18	**17,507,929**	10,178,758
Dividend income		**-**	500,342
Net change in fair value on financial assets at fair value through profit or loss	9	**1,406,348**	(888,398)
Net profit on sale of financial assets at fair value through profit or loss	9	**110,445**	1,216,104
Reversal of impairment losses on investment properties and property and equipment		**-**	432,259
Other operating income, net		**267,060**	762,984
		19,291,782	12,202,049
Expenses			
Salaries and wages		**(5,909,443)**	(4,880,553)
Depreciation of property and equipment	6	**(293,825)**	(296,625)
Depreciation of right-of-use assets	8	**(277,894)**	(278,657)
Depreciation of investment properties		**-**	(222,342)
Other operating expenses	19	**(2,796,794)**	(1,551,056)
Total operating expenses		**(9,277,956)**	(7,229,233)
Net profits from operations		**10,013,826**	4,972,816
Finance costs	20	**(38,573)**	(55,143)
Profit before zakat and income tax		**9,975,253**	4,917,673
Zakat and income tax expense	16	**(770,213)**	(773,354)
Profit for the year		**9,205,040**	4,144,319
Items that will not to be reclassified to profit or loss			
Loss on re-measurement of employees' benefits obligations	14	**(89,633)**	(25,682)
Other comprehensive loss for the year		**(89,633)**	(25,682)
Total comprehensive income for the year		**9,115,407**	4,118,637
Earnings per share from profit from operations		**9,205,040**	4,144,319
Earnings per share for the year	27	**1,64**	0,74
Earnings per share from total comprehensive income		**9,115,407**	4,118,637
Earnings per share for the year	27	**1,63**	0,73

The notes form an integral part of these consolidated financial statements.

ITQAN CAPITAL
(Closed Joint Stock Company)
Consolidated statement of changes in equity
(All amounts are in Saudi Riyals unless otherwise stated)

	Share capital	(Accumulated losses) / retained earnings	Total
At 1 January 2022	56,042,030	(7,802,899)	48,239,131
Profit for the year	-	4,144,319	4,144,319
Other comprehensive loss for the year	-	(25,682)	(25,682)
Total comprehensive income for the year	-	4,118,637	4,118,637
At 31 December 2022	56,042,030	(3,684,262)	52,357,768
At 1 January 2023	**56,042,030**	**(3,684,262)**	**52,357,768**
Profit for the year	-	**9,205,040**	**9,205,040**
Other comprehensive loss for the year	-	**(89,633)**	**(89,633)**
Total comprehensive income for the year	-	**9,115,407**	**9,115,407**
At 31 December 2023	**56,042,030**	**5,431,145**	**61,473,175**

The notes form an integral part of these consolidated financial statements.

ITQAN CAPITAL
(Closed Joint Stock Company)
Consolidated statement of cash flows
(All amounts are in Saudi Riyals unless otherwise stated)

	Note	Year ended 31 December 2023	2022
Cash flows from operating activities			
Profit before zakat and income tax expense		**9,975,253**	4,917,673
Adjustments for non-cash items			
Depreciation of property and equipment	6	**293,825**	296,625
Depreciation of right-of-use assets	8	**277,894**	278,657
Depreciation of investment properties		**-**	222,342
Current service cost and interest cost of employee end of service benefits	14	**240,375**	166,611
Net change in fair value on financial assets at fair value through profit or loss	9	**(1,406,348)**	888,398
Gain on disposal of financial assets at fair value through profit or loss	9	**(110,445)**	(1,216,104)
Reversal of impairment losses on investment properties and property and equipment		**-**	(432,259)
Interest on lease liabilities	8	**38,573**	55,143
Revenue accrued from Murabaha deposits		**(31,892)**	(57,439)
Changes in operating assets and liabilities:			
Trade receivables and other assets	10	**(7,659,195)**	(8,845,506)
Trade and other payables	15	**1,065,352**	2,350,637
Cash inflow / (outflow) from operations		**2,683,392**	(1,375,222)
End-of-service benefits paid	14	**(38,735)**	(86,875)
Zakat and income tax paid	16	**(772,947)**	(436,716)
Net cash inflow / (outflow) from operating activities		**1,871,710**	(1,898,813)
Cash flows from investing activities			
Additions to property and equipment	6	**(87,622)**	(64,070)
Additions to intangible assets	7	**(48,819)**	-
Investment properties		**-**	10,774,061
Murabaha investments		**(120,165)**	(56,619)
Investments in financial assets at fair value through profit or loss	9	**(7,000,000)**	(37,120,907)
Proceeds from sale of financial assets at FVPL	9	**5,760,000**	27,457,828
Net cash (outflow) / inflow from investing activities		**(1,496,606)**	990,293
Cash flows from financing activities			
Principle elements of lease payments	8	**(355,000)**	(355,000)
Net cash utilised in financing activities		**(355,000)**	(355,000)
Net change in cash and cash equivalents		**20,104**	(1,263,520)
Cash and cash equivalents at the beginning of the year		**450,472**	1,713,992
Cash and cash equivalents at the end of the year	11	**470,576**	450,472

The notes form an integral part of these consolidated financial statements.

(All amounts are in Saudi Riyals unless otherwise stated)

1 General information

Itqan Capital (the “Company”) is a closed joint stock company registered in the Kingdom of Saudi Arabia under Commercial Registration No. 4030167335 dated 16 Safar 1428H (corresponding to 6 March 2007) and Capital Market Authority (“CMA") License No. 07058-37 under CMA Resolution No. 9-17-2007 On 21 Rabi` al-Awwal 1428H (corresponding to 9 April 2007). The Company has been authorized to commence operation starting from 23 Rabi` al-Thani 1429H (corresponding to 29 April 2008). The Company's headquarters is located in Al-Zahraa Commercial District - 7855 Ahmed Al-Attas - Al-Zahraa District - Unit 2563 - Jeddah 2753 - 23425.

The consolidated financial statements include the accounts of the Company's head office in Jeddah and its branch in Riyadh under Commercial Registration No. 1010477289 dated 3 Rabi` al-Awwal 1440H (corresponding to 12 November 2018).

The objectives of the Company are as follows:

- Establishing/managing of investment funds/portfolios.
- Arranging services.
- Custody services for the administrative arrangements and procedures related to the investment funds and portfolio management.
- Acting as principal.
- Providing consultancy on securities.

The consolidated financial statements include the accounts of the Company and the following subsidiary:

Subsidiary	**Country of incorporation**	**Effective shareholding as at 31 December**	
		2023	**2022**
Sahm Platform Investment Company, a Single Shareholder Company	Kingdom of Saudi Arabia	**100%**	-

During 2023, the Company established Sahm Platform Investment Company as a Single Shareholder Company. Sahm Platform Investment Company’s activities are computer programming activities, other financial services activities excluding insurance and contractual pension financing not classified elsewhere, and funds management activities. The Company has not started its operating activity until the end of the financial year ended 31 December 2023.

All investment products provided by the Company are compatible with the provisions of Islamic Sharia and certified by the Company's Sharia consultant.
The Company has investments in a subsidiary engaged in computer programming activities, assets management services activities and other financial activities excluding insurance and contractual pension financing not classified elsewhere.

The consolidated financial statements were approved by the Board of directors on 31 March 2024.

2 Summary of material accounting policies

The significant accounting policies applied for the preparation of the consolidated financial statements of the Company are set out below. These policies have been consistently applied to all of the years presented, unless otherwise stated.

2.1 Basis of preparation

(a) Statement of compliance

These consolidated financial statements of the Company have been prepared 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 Certified Public Accountants (SOCPA).

The Company has elected to present a single statement of comprehensive income and presents its expenses by nature. The Company includes cash flows from operating activities using the indirect method.

(b) Accounting convention / basis of measurement

These consolidated financial statements are prepared on the historical cost basis, unless otherwise stated.

2.2 Revenue

Revenue is income arising in the course of the Company’s ordinary activities. Revenue is recognized at the amount of the transaction price. The transaction price is the amount of consideration to which the Company expects to be entitled in exchange for transferring the promised goods or services to a customer, excluding the amounts collected on behalf of third parties.

Revenue is recognized, when the Company satisfies the performance obligations as specified in the contract with the customer (buyer), when the seller has transferred to the customer control over the promised goods and services, either:

- At a point in time; or
- Over a time basis equivalent to the stage of completion of the service.

Revenue from rendering of services
Revenue from services is recognized in the accounting period in which the services are rendered. Revenue is recognized when the performance obligation is satisfied i.e. upon receiving the completion certificate from the customer.

Revenue is measured based on the consideration specified in a contract with a customer. The Company recognizes revenue when it transfers control over a product or over services to a customer and when specific criteria have been met for each of the Company's activities. The Company bases its estimates of return on historical results, taking into consideration the type of customer, the type of transaction and the specifics of each arrangement.

2.3 Foreign currencies

(a) Functional and presentation currency

Items included in the consolidated financial statements of the Company is measured using the currency of the primary economic environment in which the entity operates (“the functional currency”). The consolidated financial statements are presented in “Saudi Riyals”, which is the functional and the presentation currency of the entity.

2 Summary of material accounting policies (continued)

(b) Transactions and balances

Transactions in foreign currencies are translated into the functional currency of Company at the exchange rates at the dates of the transactions.

Monetary assets and liabilities denominated in foreign currencies at the reporting date are retranslated to the functional currency at the exchange rate at that date. The foreign currency gain or loss on monetary items is the difference between amortized cost in the functional currency at the beginning of the period, adjusted for effective interest and payments during the period, and the amortized cost in foreign currency translated at the exchange rate at the end of the reporting period.

2.4 Basis of consolidation and equity accounting

(a) Investment in subsidiaries

Subsidiaries are entities over which the Company has the power to govern the financial and operating policies to obtain economic benefit generally accompanying a shareholding of more than one half of the voting rights. The existence and effect of potential voting rights that are currently exercisable or convertible are considered when assessing whether the Company controls another entity.

Investments in subsidiaries are accounted for using the equity method of accounting and are initially recognized at cost. The Company's investments in subsidiaries include goodwill identified on acquisition, net of any impairment losses, if any.

The acquisition method of accounting is used to account for the acquisition of a subsidiary. The cost of an acquisition is measured using the fair value of the assets purchased or liabilities incurred or assumed at the date of acquisition, plus costs directly attributable to the acquisition. The excess of the cost of acquisition over the fair value of the Company's share of the identifiable net assets acquired is recorded as goodwill. Goodwill arising from acquisition of subsidiaries is included within "equity accounted investments" in the statement of financial position.

The Company's share of its subsidiary's post-acquisition profits or losses is recognized in the statement of comprehensive income and its share of post-acquisition movements in reserves is recognized in reserves. The accumulative post-acquisition movements are adjusted against the carrying amount of the investment.

Unrealized gains on transactions between the Company and its subsidiaries are eliminated to the extent of the Company's interest in the subsidiaries. Unrealized losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred.

(b) Transactions eliminated on consolidation

Intra-group balances and transactions and any unrealised income and expenses arising from intra-group transactions, are eliminated in preparing the consolidated financial statements. Unrealised gains arising from transactions with equity accounted investees are eliminated against the investment to the extent of the Group's interest in the investee.

Unrealised losses are eliminated in the same way as unrealised gains, but only to the extent that there is no evidence of impairment.

2 Summary of material accounting policies (continued)

2.5 Zakat and income tax

The Company is subject to zakat and income tax in accordance with the regulations of the Zakat, Tax and Customs Authority ("ZATCA"). Zakat for the Company is calculated based on the higher of approximate zakat base or adjusted profit, and charged to profit or loss. Income tax on the share of the adjusted profit related to the foreign shareholders, is charged to profit or loss. Additional amounts, if any, are recognized when determined to be required for payment.

Taxes based on the applicable income tax rate are adjusted by changes in deferred tax assets and liabilities attributable to temporary differences and to unused tax losses.

Deferred income tax is not accounted for if it arises from initial recognition of an asset or liability in a transaction other than a business combination that, at the time of the transaction, affects neither accounting nor taxable profit or loss. Deferred income 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 be effective when the related deferred income tax asset is realised or the deferred income tax liability is settled.

Deferred tax assets are recognized only if it is probable that taxable amounts in the future will be available based on which the temporary differences and losses can be utilized. Deferred tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets and liabilities, and when deferred tax balances relate to the same tax authorities.

Current tax assets and liabilities are offset when the entity has a legally enforceable right to offset, and it intends to settle on a net basis, or to realize the asset and settle the liability simultaneously. Current and deferred tax are recognized in profit or loss, except when the tax relates to items recognized in other comprehensive income or directly in equity. In this case, tax is also recognized in other comprehensive income or directly in equity, respectively. The Company withholds taxes on certain transactions with parties non-resident in the Kingdom of Saudi Arabia, including dividend payments to foreign shareholders of Saudi subsidiaries, if any, as required by the Saudi Arabian Income Tax Law.

2.6 Provisions

Provisions for legal claims, service warranties and fulfilment of obligations are recognized when the Company has a legal or constructive obligation as a result of past events, it is probable that an outflow of resources will be required to settle the obligation, and the amount can be reliably estimated. Provisions are not recognized for future operating losses.

Where there are a number of similar obligations, the likelihood that an outflow will be required in settlement is determined by considering the class of obligations as a whole. A provision is recognized even if the likelihood of an outflow with respect to any one of item included in the same class of obligations may be small.

Provisions are measured at the present value of management's best estimate of the expenditure required to settle the present obligation at the end of the reporting period. The discount rate used to determine the present value is a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liabilities. The increase in the provision due to the passage of time is recognised as interest expense.

2 Summary of material accounting policies (continued)

2.7 Property and equipment

(a) Recognition and measurement

Items of property and equipment are measured at cost less accumulated depreciation and accumulated impairment losses.

Cost includes the purchase price and any costs directly attributable to bringing the asset to the location and condition necessary for it to be used in the manner intended by management.

The cost of self-constructed assets includes the cost of materials and direct labour, any other costs directly attributable to bringing the assets to an operating condition for their intended use, and borrowing costs on qualifying assets.

When the useful lives of the significant parts of an item of property and equipment differ, they are accounted for as separate items (major components) within property and equipment. All other repairs and maintenance are charged to the statement of profit and loss and other comprehensive income during the year in which they are incurred.

(b) Subsequent costs

The Company adopts the cost model to measure the entire class of property and equipment. After recognition of an asset, an item of property and equipment is held at cost less accumulated depreciation and impairment losses, if any.

(c) Depreciation

Depreciation represents a regular provision of the depreciable amount of an asset over its estimated useful life. Depreciable amount represents the cost of an asset, or the other substitute amount for cost, less its residual value.

Depreciation is recognized in profit or loss on a straight-line basis over the estimated useful lives of each part of an item of property and equipment. Land and capital work in progress are not depreciated.

The estimated useful lives for the current and comparative years are as follows:

	Years
Building	33
Equipment	5
Computer and software	3 – 6
Furniture and fixtures	10
Motor vehicles	4
Leasehold improvements	During the lease term

Depreciation methods, useful lives and residual values are reviewed at least annually and adjusted prospectively.

<u>*De-recognition*</u>
Property and equipment are derecognized upon disposal or when no future economic benefits are expected from their use or disposal. Profits and losses on the disposal of an item of property and equipment are determined by comparing the proceeds from disposal with the carrying amount of the assets disposed-of, and are recognized at net value within other income in profit or loss.

2 Summary of material accounting policies (continued)

Work in progress
Assets under construction or development are capitalised within work in progress in property and equipment. Assets under construction or development are transferred to the appropriate category within property and equipment, once the assets are in the location and / or condition necessary for them to be used in the manner intended by management.

The cost of an item of work in progress comprises its purchase price, construction / development cost and any other costs directly attributable to the costs of construction or acquisition of an item in the manner intended by management.

Work in progress is measured at cost less any recognized impairment. Work in progress is not depreciated. Depreciation only commences when the assets can be used in the manner intended by management, at which point they are transferred to the appropriate asset category.

2.8 Intangible assets

Intangible assets acquired separately are measured on initial recognition at cost. Intangible assets acquired in a business combination are recognized at their fair value, unless the fair value cannot be measured reliably without undue cost or effort. Following initial recognition, intangible assets having a finite useful life are carried at cost less accumulated amortization and any accumulated impairment losses, if any.

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

Category	**Useful life - years**
Adoption	6

Gains or losses arising from disposal of intangible assets are measured as the difference between the net disposal proceeds and carrying amount of the assets and are recognized in statement of profit or loss and other comprehensive income when the assets are derecognised.

2.9 Financial instruments

a) Classification of financial assets

The Company classifies its financial assets under the following categories:
- Fair value through profit or loss (FVTPL).
- Fair value through other comprehensive income (FVOCI).
- Amortized cost.

These classifications are on the basis of business model of the Company for managing the financial assets, and contractual cash flows characteristics.

The Company measures financial assets at amortised cost when it is within the business model to hold assets in order to collect contractual cash flows, and contractual provisions give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

For assets measured at fair value, gains and losses will be recorded either in profit or loss or other comprehensive income.

b) Classification of financial liabilities
The Company designates a financial liability at fair value through profit or loss if doing so eliminates or significantly reduces measurement or recognition inconsistency, or where the Company manages financial liabilities and its performance is evaluated on a fair value basis.

All other financial liabilities are subsequently measured at amortized cost using the effective interest rate method.

2 Summary of material accounting policies (continued)

2.9 Financial instruments (continued)

c) Initial measurement

At initial recognition, financial assets or financial liabilities are measured at their fair value. Transaction costs of financial assets carried at fair value through profit or loss are expensed in the statement of profit or loss. In the case of financial assets or financial liabilities not measured at fair value through profit or loss, their fair value plus or less transaction costs that are directly attributable to the acquisition or issuance of the financial asset or financial liability represents the initial recognition amount. Trade receivables are measured at transaction price.

d) Subsequent measurement

Subsequent measurement of financial assets is as follows:

Debt instruments
Amortized cost: Assets that are held to collect contractual cash flows where these cash flows represent solely payments of principal and interest (SPPI) are measured at amortized cost. Interest income from these financial assets is included in finance income using the effective interest method.

Any profits or losses on de-recognition are recognized directly in profit or loss and presented within other profits/(losses), in addition to foreign exchange profits and losses. Impairment losses are presented as a separate line item in the statement of profit and loss and other comprehensive income.

FVOCI: Assets that are held for collection of contractual cash flows and for selling financial assets, where the assets' cash flows represent solely payments of principal and interest, and are measured at FVOCI. Movement in the carrying amount is recognized through OCI, except for the recognition of impairment of profits or losses, interest income and foreign exchange profits and losses, which are recognized in profit or loss. When financial assets are derecognized,

e) Subsequent measurement (continued)

the cumulative profit or loss previously recognized in OCI is reclassified from equity to profit or loss and recognized in other profits/ (losses). Interest income from these financial assets is recognized in finance income using the effective interest method. Foreign exchange profits and losses are presented in other profits / (losses), and impairment expenses are presented as a separate line item in the statement of profit and loss and other comprehensive income.

FVTPL: Assets that do not meet the criteria for amortized cost or FVOCI are measured at FVTPL. Profit or loss on a debt investment that is subsequently measured at FVTPL is recognized in the statement of profit and loss and other comprehensive income and presented at net value within other income/(expenses) in the period in which it arises.

Equity instruments

The Company subsequently measures all equity investments at fair value. When the Company's management elects to present fair value profits and losses on equity investments in other comprehensive income, there is no subsequent reclassification of fair value profits and losses to profit or loss after de-recognition of the investment. Dividends from these investments continue to be recognized within profit or loss in other income when the Company's right to receive such payments is established.

Impairment losses (and reversal of impairment losses) on equity investments measured at FVOCI are not reported separately from other changes in fair value.

2 Summary of material accounting policies (continued)

2.9 Financial instruments (continued)

f) De-recognition

The Company derecognizes a financial asset only when the contractual rights to the cash flows from financial asset expire, or it transfers substantially all the risks and rewards of ownership of the financial asset.

Financial liabilities are derecognized when the obligation specified in the contract is fulfilled, cancelled or expired. A substantial change in the terms of a debt instrument is considered as an extinguishment of the original liability and the recognition of a new financial liability.

g) Offsetting financial assets and liabilities

Financial assets and liabilities are offset and the net amount is presented in the statement of financial position only when the Company has a legally enforceable right to offset the recognized amounts and it intends either to settle them on a net basis or to realize the asset and settle the liability simultaneously.

h) Reclassifications

Financial assets are reclassified when the Company changes its business model for managing financial assets. For example, when there is a change in management's intention to hold the asset for a short-term or long term. Financial liabilities are not reclassified.

2 Summary of material accounting policies (continued)

2.9 Financial instruments (continued)

i) Impairment of financial assets

The Company assesses the ECLs related to its financial assets on a forward-looking basis, which are carried at amortized cost. The impairment method applied depends on whether there has been a significant increase in credit risk. Note 23 shows how the Company determines the impairment methodology for financial assets.

For trade receivables, the Company applies the simplified approach as permitted by IFRS 9, which requires expected lifetime losses to be recognized from the initial recognition of the receivables.

2.10 Impairment of non-financial assets

At each reporting date, the Company assesses whether there is an indication that a non-financial asset may be impaired. If any such indication exists, the Company estimates the recoverable amount of the asset. The recoverable amount of an asset is the higher of an asset or cash generating unit ("CGU") fair value less selling costs or value in use, and is determined for each individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or group of assets. When the carrying amount of an asset or CGU exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount. In estimating value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. In determining fair value less selling costs, appropriate valuation methods are used. These calculations are corroborated by valuation multiples, quoted share prices for publicly traded entities, or other available fair value indicators.

Impairment losses of continuing operations are recognized in the statement of profit or loss and other comprehensive income in those expense categories consistent with the function of the impaired assets.

Non-financial assets other than goodwill that suffered impairment are reviewed for possible reversal of the impairment at each reporting date.

2.11 Trade receivables

Trade receivables are initially recognized at fair value and subsequently measured at amortized cost using the effective interest method, less loss allowance. See note 23 for a description of the Company's impairment policies.

2.12 Cash and cash equivalents

Cash and cash equivalents include cash in hand, deposits held at call with banks and other highly liquid investments with original maturities of three months or less from the date of acquisition.

While cash and cash equivalents are also subject to the impairment requirements of IFRS 9, the impairment loss is immaterial.

2.13 Share capital

Ordinary shares are classified as equity. Transaction costs directly attributable to the issuance of new shares are shown in equity as a deduction from the proceeds.

2 Summary of material accounting policies (continued)

2.14 Trade payables

These amounts represent liabilities for goods and services provided to the Company prior to the end of the financial year, which are unpaid. The amounts are unsecured and are usually paid within 30 days of recognition. Trade and other payables are presented within current liabilities unless payment is not due within 12 months after the reporting date. These amounts are initially recognized at fair value and subsequently measured at amortized cost using the effective interest method.

2.15 Employee benefit obligations

Short term employee benefits

Short-term employee benefits are expensed over the period in which the service is provided. A liability is recognized for the amount expected to be paid if the Company has a present legal or constructive obligation to pay the amounts as a result of past services provided by the employee and the obligation can be estimated reliably.

Post employment benefits

Defined benefit plans
The Company operates a single post-employment benefit scheme of a defined benefit plan, driven by the Labor and Workman Laws of the Kingdom of Saudi Arabia, which is based on most recent salary and number of service years. End of service payments are based on employees' final salaries and allowances and their cumulative years of service, as stated in the Labor Law of Saudi Arabia.

The Company's obligation under the employee end of service benefit plan is accounted for as an unfunded defined benefit plan and is calculated by estimating the amount of future benefit that employees have earned in the current and prior periods and discounting that amount. The calculation of defined benefit obligations is performed annually by a qualified actuary using the projected unit credit method. Re-measurements of the defined benefit liability, which comprise of actuarial profits and losses, are recognized immediately within comprehensive income. The Company determines the interest expense on the defined benefit liability for the period by applying the discount rate used to measure the defined benefit liability at the beginning of the annual period to the defined benefit liability then, taking into account any changes in the defined benefit liability during the period as a result of benefit payments. Interest expense and other expenses related to defined benefit plans are recognized in profit or loss.

2.16 Leases

The Company leases lands, buildings and vehicles. Leases are usually for fixed periods but may include extension options. Lease agreements do not impose any covenants. Leased assets may not be used as a security for borrowing purposes.

Leases are recognized as right-of-use assets and corresponding liabilities on the date the leased asset is available for use by the Company.

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

- Fixed payments (including in-substance fixed payments), less any lease incentives receivable, if any.
- Amounts expected to be paid by the lessee under residual value guarantees, if any.
- Payments of penalties for terminating the lease, if the lease term reflects the Company exercising that option.

2 Summary of material accounting policies (continued)

2.16 Leases (continued)

In determining the lease term, management considers all facts and circumstances that create an economic incentive to exercise an extension option, or not to exercise a termination option. Extension options (or periods after termination options) are only included in the lease term if the lease is reasonably certain to be extended (or not terminated).

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

Lease payments are allocated between principal and finance cost. The finance cost is charged to profit or loss 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 the lease liability.
- Any lease payments made on or before the commencement date less any lease incentives received.
- Any initial direct costs.
- Restoration costs.

Payments associated with short-term leases of equipment and vehicles and all leases of low-value assets are recognized on a straight-line basis as an expense in profit or loss. Short-term leases are leases with a lease term of 12 months or less.

3 Critical accounting estimates and judgments

The preparation of consolidated financial statements in conformity with IFRS requires the use of certain critical estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities as at the reporting date, and the reported amounts of revenue and expenses during the reporting period. Estimates and assumptions are continually evaluated 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 assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results. The estimates that have a risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next twelve month period are discussed below:

(1) Employee benefit obligations

Management has adopted certain actuarial assumptions for valuation of present value of employee benefit obligations based on actuarial advice. For further details, see note 14.

4 New and amended standards adopted by the Group

The following standards and amendments have been applied by the Group for the annual reporting period commencing 1 January 2023:

- IFRS 17, 'Insurance contracts'
- Definition of Accounting Estimates - Amendments to IAS 8
- International Tax Reform: Pillar Two Model Rules - Amendments to IAS 12.
- Disclosure of Accounting Policies - Amendments to IAS 1 and Statement of Practice No. 2 in light of IFRS.

The new and amended standards did not have any impact on the amounts recognized in previous periods and are not expected to materially affect the current or future periods.

5 New standards and interpretations not yet adopted

Certain new accounting standards and interpretations that are not mandatory for the reporting periods at 31 December 2023 have been published, and have not been early adopted by the Group. These standards, amendments or interpretations are not expected to have a material impact on the entity in the current or future reporting periods or on its transactions in the foreseeable future.

(All amounts are in Saudi Riyals unless otherwise stated)

6 Property and equipment

	Building	Equipment	Leasehold improvements	Computer and software	Furniture and fixtures	Motor vehicles	Works under construction	Total
At 1 January 2023								
Cost	-	88,447	1,122,345	2,319,194	472,355	197,700	-	4,200,041
Accumulated depreciation	-	(49,866)	(539,998)	(2,243,326)	(301,487)	(197,700)	-	(3,332,377)
Net carrying amount	-	38,581	582,347	75,868	170,868	-	-	867,664
Year ended 31 December 2023								
Opening net carrying amount	-	38,581	582,347	75,868	170,868	-	-	867,664
Additions	-	6,925	-	23,301	6,514	-	50,882	87,622
Depreciation charge	-	(10,321)	(213,293)	(39,151)	(31,060)	-	-	(293,825)
Closing net carrying amount	-	35,185	369,054	60,018	146,322	-	50,882	661,461
At 31 December 2023								
Cost	-	95,372	1,122,345	2,342,495	478,869	197,700	50,882	4,287,663
Accumulated depreciation	-	(60,187)	(753,291)	(2,282,477)	(332,547)	(197,700)	-	(3,626,202)
Net carrying amount	-	35,185	369,054	60,018	146,322	-	50,882	661,461

Works under construction represent designing a new board for the Company's logo on the building, at an amount of SAR 50,882, which is expected to be completed during the first quarter of 2024, at an additional cost estimated at an amount of SAR 2,678. These works will be transferred to the appropriate categories within property and equipment upon completion.

(All amounts are in Saudi Riyals unless otherwise stated)

6 Property and equipment (continued)

	Building	Equipment	Leasehold improvements	Computer and software	Furniture and fixtures	Motor vehicles	Total
At 1 January 2022							
Cost	1,245,437	72,032	1,122,345	2,284,987	458,907	197,700	5,381,408
Accumulated depreciation	(1,245,437)	(39,659)	(326,706)	(2,207,590)	(264,097)	(197,700)	(4,281,189)
Net carrying amount	-	32,373	795,639	77,397	194,810	-	1,100,219
Year ended 31 December 2022							
Opening net carrying amount	-	32,373	795,639	77,397	194,810	-	1,100,219
Additions	-	16,415	-	34,207	13,448	-	64,070
Transfers	-	-	-	-	-	-	-
Depreciation charge	-	(10,207)	(213,292)	(35,736)	(37,390)	-	(296,625)
Closing net carrying amount	-	38,581	582,347	75,868	170,868		867,664
At 31 December 2022							
Cost	1,245,437	88,447	1,122,345	2,319,194	472,355	197,700	5,445,478
Accumulated depreciation	(1,245,437)	(49,866)	(539,998)	(2,243,326)	(301,487)	(197,700)	(4,577,814)
Net carrying amount	-	38,581	582,347	75,868	170,868	-	867,664

(All amounts are in Saudi Riyals unless otherwise stated)

7 Intangible assets

	Intangible assets under development
At 1 January 2023	
Cost	-
Accumulated amortization	-
Net carrying amount	-
Year ended 31 December 2023	
Opening net carrying amount	-
Additions	48,819
Amortization charge	-
Closing net carrying amount	48,819
31 December	
Cost	48,819
Accumulated amortization	-
Net carrying amount	48,819

Intangible assets under development
These represent the cost incurred in developing Sahm Platform Application, which is expected to be completed by September 2024, at an additional cost estimated at an amount of SAR 146,181.

8 Leases

The Group leases two buildings for office space. Leases are usually made for fixed periods that range between 3 to 7 years. Lease terms are negotiated on an individual basis and contain a wide range of different terms and conditions. Lease agreements do not impose any covenants, but leased assets may not be used as security for borrowing purposes.

At 31 December 2023, the Group did not have any leases classified as right of use assets of a variable nature. The Group's leases do not have extension options to be exercised by the Group prior to the end of the non-cancellable lease term. The Group does not provide residual value guarantees in respect of any of its leases.

	2023	2022
Right-of-use assets		
Cost		
Balance as at 1 January	**2,389,359**	2,389,359
Additions	-	-
Balance as at 31 December	**2,389,359**	2,389,359
Depreciation		
Balance as at 1 January	**(1,512,923)**	(1,234,266)
Depreciation charge for the year	**(277,894)**	(278,657)
Balance as at 31 December	**(1,790,817)**	(1,512,923)
Net carrying amount	**598,542**	876,436
Lease liabilities		
Items		
Balance as at 1 January	**1,031,986**	1,331,843
Interest charged for the year	**38,573**	55,143
Payments during the year	**(355,000)**	(355,000)
Balance as at 31 December	**715,559**	1,031,986
Current portion	**342,871**	347,323
Non-current portion	**372,688**	684,663

(All amounts are in Saudi Riyals unless otherwise stated)

9 Financial assets

The group classifies the following financial assets at fair value through profit or loss (FVPL):

(1) Debt investments that do not qualify for measurement at either amortized cost or at fair value through other comprehensive income.
(2) Equity investments that are held for trading, and
(3) Equity investments for which the entity has not elected to recognize fair value gains and losses through OCI.

	Note	31 December 2023	31 December 2022
Financial assets at FVPL, non-current	9-1	**33,359,113**	29,988,184
Financial assets at FVPL, current	9-1	**12,805,026**	13,419,162
		46,164,139	43,407,346

Movement in financial assets is as follows:

2023	Financial assets at FVPL, non-current	Financial assets at FVPL, current	Total
Balance as at 1 January	**29,988,184**	**13,419,162**	**43,407,346**
Addition	**3,000,000**	**4,000,000**	**7,000,000**
Disposal	**(10,000)**	**(5,750,000)**	**(5,760,000)**
Profit realized from disposal	**-**	**110,445**	**110,445**
Change in fair value through profit or loss	**380,929**	**1,025,419**	**1,406,348**
Balance as at 31 December	**33,359,113**	**12,805,026**	**46,164,139**

2022	Financial assets at FVPL, non-current	Financial assets at FVPL, current	Total
Balance as at 1 January	19,291,162	14,125,399	33,416,561
Addition	31,027,494	6,093,413	37,120,907
Disposal	(20,203,042)	(7,254,786)	(27,457,828)
Profit realized from disposal	921,880	294,224	1,216,104
Change in fair value through profit or loss	(1,049,310)	160,912	(888,398)
Balance as at 31 December	29,988,184	13,419,162	43,407,346

Financial assets measured at fair value through profit or loss include the following classes of financial assets:

	2023	2022
Non-current assets		
Investment in real estate funds	**30,378,702**	29,988,184
Investment in private equity funds	**2,980,411**	-
	33,359,113	29,988,184
Current assets		
Investments in units of money market funds	**12,805,026**	13,419,162
	46,164,139	43,407,346

9 Financial assets (continued)

9.1 Financial assets at FVTPL

Amounts recognized in profit or loss

During the year, the following profits were recognized in profit or loss.

	2023	2022
Net changes in fair value on financial assets carried at FVTPL	**1,406,348**	(888,398)
Net profit on sale of financial assets carried at FVTPL	**110,445**	1,216,104
	1,516,793	327,706

10 Trade receivables and other assets

	Note	2023	2022
Trade receivables - due from related parties	17	**18,162,888**	9,348,211
Trade receivables		**148,937**	2,020,521
Accrued revenues		**992,188**	503,644
Prepaid expenses		**540,531**	305,128
Employees' receivables		**27,385**	50,210
Other assets		**452,497**	437,517
		20,324,426	12,665,231

11 Cash and cash equivalents

	2023	2022
Cash at banks	**470,576**	450,472

12 Murabaha deposits

	2023	2022
Murabaha deposits	**2,793,536**	2,641,479

Murabaha deposits are deposited with an investment bank in the Kingdom of Bahrain and denominated in Saudi Riyals. Murabaha deposits generate returns as finance income at prevailing market rates.

13 Share capital

The issued and paid-up capital at 31 December 2023 and 31 December 2022 is as follows:

Shareholder's name	Nationality	Shareholding percentage (%)	2023	Shareholding percentage (%)	2022
Zamil Development Holding Company	Kingdom of Saudi Arabia	100	**56,042,030**	100	56,042,030
			56,042,030		56,042,030

(All amounts are in Saudi Riyals unless otherwise stated)

14 Employee benefit obligations

14.1 General description of the plan

The Group operates a defined benefit plan in line with the requirements of Labour Laws of Kingdom of 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, as defined by the conditions stated in the Labour Laws of the Kingdom of Saudi Arabia. Employees' end-of-service benefit plan is an unfunded plan and the benefit payment obligations are met when they fall due upon termination of employment.

	2023	**2022**
1 January	**1,118,196**	1,012,778
Current service cost	**185,472**	147,237
Interest cost	**54,903**	19,374
Actuarial Gains	**89,633**	25,682
Benefits paid	**(38,735)**	(86,875)
31 December	**1,409,469**	1,118,196

14.2 Amounts recognized in the statement of comprehensive income

Amounts recognized in the statement of comprehensive income relative to employees' benefit obligations are as follows:

	2023	**2022**
Current service cost	**185,472**	147,237
Interest expense	**54,903**	19,374
Total amount recognized in profit or loss	**240,375**	166,611
Re-measurement		
Profit from changes in experience adjustments	**89,633**	25,682
Total amount recognised in other comprehensive income	**89,633**	25,682

14.3 Key actuarial assumptions

	2023	**2022**
Discount rate	**6,25%**	5,00%
Salary growth rate	**5,00%**	4,50%

14.4 Sensitivity analysis for actuarial assumptions

	2023		**2022**	
	Increase	**Decrease**	**Increase**	**Decrease**
Discount rate (1% movement)	**(24,080)**	**25,466**	(22,400)	23,586
Future salary increases (1% movement)	**25,528**	**(24,586)**	23,471	(22,717)

The sensitivity analysis is based on a change in an assumption while holding all other assumptions constant. In practice, this is unlikely to occur, and changes in some of the assumptions may be correlated. When calculating the sensitivity of the defined benefit obligation to significant actuarial assumptions, the same method (present value of the defined benefit obligation calculated using the projected unit credit method at the end of the reporting period) has been applied when calculating the employee termination.

(All amounts are in Saudi Riyals unless otherwise stated)

15 Trade and other payables

	2023	2022
Trade payables	**2,658,541**	1,652,975
Accrued expenses	**293,816**	267,201
Advances from customers	**711,800**	680,000
VAT	**725,250**	1,019,459
Board of directors' accrued expenses	**400,000**	-
Accrued leaves	**336,807**	191,365
Other payables	**1,566,451**	1,816,313
	6,692,665	5,627,313

16 Income tax and zakat matters

16.1 Income tax

	2023	2022
Adjusted net income for the year	**8,835,472**	5,671,937
Entertainment expenses	-	-
Principle elements of lease payments	-	(355,000)
Depreciation of right-of-use assets	-	278,657
Interest on lease obligations	-	55,143
4% increase in repair and maintenance work	-	86,826
Depreciation differences	-	(206,169)
Provisions utilised	-	(86,875)
Adjusted net profit for tax purposes	**8,835,472**	5,444,519
Adjusted net profit for the foreign shareholder for the period (1/1 - 22/12/2022)	-	828,728
Tax base	-	828,728
Tax payable 20%	-	165,746

Income tax does not apply to the Company during the financial year ended 31 December 2023, as there is no foreign shareholder in the Company's ownership structure at the date. Zakat rules and regulations are only applicable to the Company.

(All amounts are in Saudi Riyals unless otherwise stated)

16 Income tax and zakat matters (continued)

16.2 Zakat base

The significant components of the Company's zakat base for the years ended 31 December are as follows:

	2023	2022
The details of shareholders' equity are as follows:		
Share capital	**56,042,030**	56,042,030
Provisions	**2,575,108**	2,444,332
Actuarial losses	**-**	(25,682)
Lease liabilities	**715,559**	1,031,986
Provision for zakat	**-**	11
Total additions	**59,332,697**	59,492,677
Deducted assets:		
Property and equipment	**(661,461)**	(867,664)
Right of use assets	**(598,542)**	(876,436)
Investment in units of real estate funds and private equity funds	**(33,359,113)**	(29,988,184)
Unrealized profit / (loss) from investment in real estate funds - non-current portion	**380,929**	(1,049,310)
Investments in subsidiary	**(99,397)**	-
Accumulated losses	**(3,684,262)**	(7,802,899)
Total discounts	**(38,021,846)**	(40,584,493)
The share of the Saudi side of the zakat base	**21,310,851**	18,908,184
Net adjusted zakat base	**21,973,053**	19,495,726
The share of the Saudi side of the adjusted net zakat profits	**8,835,472**	4,808,595
Zakat base	**30,808,525**	24,304,321
Zakat	**770,213**	607,608

16.3 Tax and zakat liability

	Income tax	Zakat	Total
1 January 2023	**165,746**	**607,619**	**773,365**
Provision for the year	**-**	**770,213**	**770,213**
Payments for the year	**(165,746)**	**(607,201)**	**(772,947)**
31 December 2023	**-**	**770,631**	**770,631**
1 January 2022	-	436,727	436,727
Provision for the year	165,746	607,608	773,354
Payments for the year	-	(436,716)	(436,716)
31 December 2022	165,746	607,619	773,365

16.4 Status of certificates and final assessments

The Company has finalized the zakat assessment for the period ended 31 December 2008.

The Company submitted its zakat and tax returns for the years ended 31 December 2009 to 2014 and obtained the restricted zakat and tax certificates for the aforementioned years. The ZATCA issued a zakat and tax assessment for the aforementioned years and claimed zakat, tax, delay fines and non-submission fines amounting to SAR 7,346,052. The Company objected against the ZATCA assessment. The ZATCA issued a revised assessment for the aforementioned years, reducing the zakat, tax and non-submission fine, to an amount of SAR 4,942,450 for the aforementioned years. The Company objected against the adjusted zakat and tax assessment, which was presented before the Zakat, Tax and Customs Committee. The Committee issued its decision to resolve the dispute in favour of the Company. The ZATCA is currently enforcing the aforementioned decision to issue the final zakat and tax assessment.

(All amounts are in Saudi Riyals unless otherwise stated)

16 Income tax and zakat matters (continued)

16.4 Status of certificates and final assessments (continued)

The Company submitted its zakat and tax returns from 2015 to 2018 and finalized the zakat status for the aforementioned years.
The Company submitted its zakat and tax returns for the years ended from 2019 to 2022, and obtained the restricted zakat and tax certificates for the aforementioned years. The ZATCA did not issue the final assessment for the aforementioned years as at the date of the consolidated financial statements.

17 Related party transactions and balances

Related parties comprise the shareholders, directors, subsidiary, key management personnel, and funds managed by the Company. Related parties also include business entities in which certain directors or senior management members have an interest ("other related parties").

(a) *Following are the significant transactions entered into by the Group:*

Related party	Nature of transaction	Amount of transaction 2023	Amount of transaction 2022
Real estate funds	Services	**14,102,514**	7,269,446
Non-real estate funds	Services	**1,039,662**	997,814
Real Estate Income Fund - III	Dividends	**-**	499,148
Itqan Murabahat & Sukuk Fund and Itqan Venture Capital Fund	Investments	**7,000,000**	5,850,000
Itqan Murabahat & Sukuk Fund	Sale of investments	**5,750,000**	6,717,149
Board of directors' expenses	Expenses and compensations	**730,000**	74,997

(b) *Key management personnel compensations:*

	2023	2022
Salaries and other short term employee benefits	**2,420,844**	2,227,080
Post employment benefits	**133,003**	128,590
	2,553,847	2,355,670

Outstanding balances arising from services rendered to related parties:

(1) Due from related parties

	2023	2022
Masar Al Zamil Fund	**10,634,499**	4,374,576
Mecca Center Fund	**2,532,536**	1,269,492
Itqan Housing Fund	**1,633,299**	1,292,549
Madayn Village Fund	**868,856**	230,000
Masharef Hills Fund	**616,140**	1,499
Real Estate Income Fund - III	**531,596**	568,990
Narcissus Sands Fund	**433,952**	312,420
Health Alliance Fund	**350,297**	944,524
Itqan Tahaluf RE Fund	**307,790**	-
Itqan Multi Assets Fund for Growth	**135,484**	-
Itqan Venture Capital Fund	**56,169**	-
Itqan Capital Saudi Equity Fund	**17,123**	20,437
Itqan Murabahat & Sukuk Fund	**45,147**	121,344
Medicare Fund	**-**	124,023
Itqan Real Estate Fund	**-**	88,357
	18,162,888	9,348,211

(All amounts are in Saudi Riyals unless otherwise stated)

18 Revenue

The following are the details of the revenue from services during the year ended 31 December 2023 and 2022:

	Assets management	Investment banking services	Custody services	2023
Time of revenue recognition				
Over time	**16,268,073**	**704,500**	**535,356**	**17,507,929**

	Assets management	Investment banking services	Custody services	2022
Time of revenue recognition				
Over time	8,958,336	800,000	420,422	10,178,758

19 Other operating expenses

	Note	2023	2022
Consulting and professional fees		**947,356**	363,339
Board of Directors related expenses	17	**730,000**	74,997
Maintenance		**207,050**	129,637
Subscription fee		**314,535**	343,846
Rental		**202,748**	185,657
Travel		**45,735**	22,570
Others		**349,370**	431,010
		2,796,794	1,551,056

20 Finance costs

	Note	2023	2022
Interest on lease liabilities	8	**38,573**	55,143
		38,573	55,143

21 Financial instruments

A financial instrument is any contract that gives rise to a financial asset to one entity and a financial liability or equity instrument to another entity. The Group holds various financial instruments in the ordinary course of its activities.

Categories of financial instruments

(a) Financial assets subsequently measured at amortized cost:

	Note	2023	2022
Other current assets	10	**19,783,895**	12,360,103
Cash and cash equivalents	11	**470,576**	450,472
		20,254,471	12,810,575

(All amounts are in Saudi Riyals unless otherwise stated)

21 Financial instruments (continued)

(b) Financial assets at FVTPL:

	Note	31 December 2023	31 December 2022
Investments in real estate funds	9	**30,378,702**	29,978,184
Investments in private equity funds	9	**2,980,411**	-
Investments in units of money market funds	9	**12,805,026**	13,419,162
Other investments	9	**-**	10,000
		46,164,139	43,407,346

(c) Financial liabilities at amortized cost

	Note	2023	2022
Claims and other current payables	15	**6,355,858**	5,435,948
		6,355,858	5,435,948

The carrying amount of financial assets approximates their fair value. Financial assets are not considered to pose a significant credit risk.

22 Fair value of financial instruments

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

In measuring the fair value of assets or liabilities, the Group 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).

The fair value of investments in money market fund is based on quoted market prices at the end of the reporting period. Accordingly, these instruments are included in level 1. The fair value of investment in real estate funds is based on the net assets value (NAV) communicated by the fund manager. Accordingly, these instruments are included in level 3.

The table below presents the financial assets at their fair values as at 31 December 2023 and 2022 based on the fair value hierarchy:

31 December 2023	**Level 1**	**Level 3**	**Total**
Financial assets at FVTPL:			
Investment in money market funds	**12,805,026**	**-**	**12,805,026**
Investments in real estate funds	**-**	**30,378,702**	**30,378,702**
Investments in private equity funds	**-**	**2,980,411**	**2,980,411**
Other investments	**-**	**-**	**-**
	12,805,026	**33,359,113**	**46,164,139**

(All amounts are in Saudi Riyals unless otherwise stated)

22 Fair value of financial instruments (continued)

31 December 2022	**Level 1**	**Level 3**	**Total**
Financial assets at FVTPL:			
Investment in money market funds	13,419,162	-	13,419,162
Investments in real estate funds	-	29,978,184	29,978,184
Other investments	-	10,000	10,000
	13,419,162	29,988,184	43,407,346

As at 31 December 2023 and 2022, the fair values of the Company's financial instruments are estimated to approximate their carrying amounts. The Group recognizes transfers between levels of the fair value hierarchy at the end of the reporting period during which the change occurs. During the years ended 31 December 2023 and 2022, there were no transfers from or to Level 3 for fair value measurement, and there were no movements between Levels 1 and 3.

Valuation inputs and relationship to the fair value

The following table summarizes the quantitative information about significant unobservable inputs used in measuring the fair value of real estate funds and other investments. Fair values are determined based on a variety of approaches, including the income approach, the cost approach and the market approach.

	Fair value as at 31 December		
Description	**2023**	**2022**	**Unobservable inputs**
Investments in real estate funds and private equity funds	**33,359,113**	29,988,184	Adjusted market price per square meter (market approach)

23 Financial risk management

The Group's activities expose it to a variety of financial risks including the impacts of changes in market risk (including foreign exchange risk, fair value and cash flow interest rate risk, and price risk), credit risk, and liquidity risk. The Group's overall risk management programme 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 Group's exposure to each of the risks set out above, the Group's objectives, policies and procedures for measuring and managing risk, as well as the Group's management of capital. Further, quantitative disclosures are included within these consolidated financial statements. Management is fully responsible for designing and monitoring the risk management structure of the Group. Management is also responsible for setting and monitoring the Group's risk management policies.

The Group's 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 effects of changes in market conditions and the Group's activities. The Group, through its training and management standards and procedures, aims to develop a disciplined and constructive control environment in which all employees understand their roles and obligations.

The Group's board of directors oversees how management monitors compliance with the Group's risk management policies and procedures and reviews the adequacy of the risk management framework in relation to the risks faced by the Group.

23 Financial risk management (continued)

(a) Market risk

Market risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate due to changes in market prices. Market risks consist of three types of risks - foreign exchange risk, fair value and cash flow interest rate risk, and price risk.

(1) Foreign currency exchange risk

Currency risk is the risk that the value of a financial instrument will fluctuate due to changes in foreign exchange rates. The Group's transactions are primarily in Saudi Riyals and USD. Since Saudi Riyal is pegged to USD, management of the Group believes that the currency risk for the financial instruments is not significant.

(2) Fair value and cash flow interest rate risks

Interest rate risks are the exposures to various risks associated with the effect of fluctuations in the prevailing interest rates on the Company's financial position and cash flows. The Group manages the interest rate risk by regularly monitoring the interest rate profiles of its interest-bearing financial instruments. The Group's interest-bearing assets are mainly Murabaha deposits with an investment bank in the Kingdom of Bahrain and are denominated in Saudi Riyals. Management monitors the changes in interest rates and believes that the fair value and cash flow interest rate risks to the Company are not significant.

(3) 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 an individual instrument or its issuer or factors affecting all instruments traded in the market. The Group’s exposure to equity securities price risk arises from investments held by the Group and classified in the statement of financial position either at FVTOCI or at FVTPL.

To manage the price risk arising from investments in equity and debt securities, the Group diversifies its portfolio. The portfolio is diversified according to the limits set by the Group. The Group's equity and debt investments are traded in the market.

<u>*Sensitivity*</u>

The table below summarizes the impact of increases/decreases of these investments on the Group’s profit or loss and other comprehensive income for the year. The analysis is based on the assumption that the instruments had increased or decreased by 10% with all other variables held constant, and that all the Company’s debt and equity instruments were affected in line with the assumed changes.

	Impact on profit or loss	
	2023	**2022**
Investments in money market funds (movement of 10%)	**1,280,503**	1,341,916

(b) Credit risk

Credit risk arises from cash and cash equivalents, contractual cash flows of debt investments carried at amortized cost, and deposits with banks and financial institutions.

The Group manages credit risk for each category. For banks and financial institutions, only independently rated parties with high ratings are accepted.

(All amounts are in Saudi Riyals unless otherwise stated)

23 Financial risk management (continued)

The management continuously monitors the credit exposure towards the customers and makes allowances against those balances considered doubtful of recovery using the expected credit loss model. To mitigate the risk, the Group has developed a system of assigning credit limits to its customers based on an extensive evaluation based on customer profile and payment history. Outstanding customer receivables are regularly monitored. Some of the customers are secured, where possible, by way of inland letters of credit, cash security deposit, bank guarantees and insurance guarantees.

The Company's gross maximum exposure to credit risk at the reporting date is as follows:

	Note	2023	2022
Other receivables	10	**19,783,895**	12,360,103
Cash and cash equivalents	11	**470,576**	450,472
		20,254,471	12,810,575

Cash at banks and margins are placed with banks with high credit ratings. Employee and other receivables are considered to have low credit risk; therefore, the 12 month expected loss model was used for impairment assessment. Based on management's impairment assessment, no provision is required in respect of these balances for all periods presented.

Balances due from related parties are from the funds managed by the Group, and the funds have sufficient assets to pay the Company. Based on management's assessment of impairment, no provision is required in respect of these balances for all periods presented, as they have low credit risk.

(d) Liquidity risk

Liquidity risk is the risk that the Group will not be able to meet its financial obligations as they fall due. The Group'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 Group's reputation.

Typically, the Group 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 Group has access to credit facilities.

Cash flow forecasting is performed by the management which monitors rolling forecasts of the Group's liquidity requirements to ensure it has sufficient cash to meet operational needs while maintaining sufficient headroom on its undrawn committed borrowing facilities at all times so that the Group does not breach borrowing limits or covenants (where applicable) on any of its borrowing facilities. Such forecasting takes into consideration the Group's debt financing plans, covenant compliance and compliance with internal ratio targets.

The table below analyses the Company's financial liabilities into the relevant maturity based on the remaining period from the reporting date to the contractual maturity date. The amounts disclosed in the table represent 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	1-2 years	Total
2023			
Lease liabilities	**355,000**	**355,000**	**710,000**
Other current payables	**6,355,858**	**-**	**6,355,858**

(All amounts are in Saudi Riyals unless otherwise stated)

23 Financial risk management (continued)

(c) Liquidity risk (continued)

	Less than 1 year	1-2 years	Total
2022			
Lease liabilities	355,000	710,000	1,065,000
Other current payables	5,435,948	-	5,435,948

Please see Note 8 for the contractual maturity analysis of lease liabilities.

24 Capital risk management

The Group's objectives when managing capital are to safeguard the Group's ability to continue as a going concern in order to provide returns for shareholders and benefits for other stakeholders, and to maintain an optimal capital structure to reduce the cost of capital.

Consistent with others in the industry, the Group monitors capital on the basis of the gearing ratio. This ratio is calculated by dividing net debt by total equity. Net debt is calculated as borrowings, as shown in the statement of financial position, less cash and cash equivalents. Total equity is as shown in the statement of financial position.

	2023	2022
Cash and cash equivalents	**470,576**	450,472
Net debt	**470,576**	450,472
Share capital	**56,042,030**	56,042,030
Retained earnings / (Accumulated losses)	**5,431,145**	(3,684,262)
Equity	**61,473,175**	52,357,768
Capital gearing ratio %	**0,77%**	0,86%

25 Cash flow information

(a) Net debt

	Note	2023	2022
Cash and cash equivalents	11	**470,576**	450,472
Lease liabilities	8	**(715,559)**	(1,031,986)
Net debt		**(244,983)**	(581,514)

(b) Net debt reconciliation

	Cash and cash equivalents	Leases	Total
1 January 2022	1,713,992	1,331,843	3,045,835
Cashflow	(1,263,520)	(355,000)	(1,618,520)
Loan settlements	-	-	-
Interests	-	55,143	55,143
31 December 2022	450,472	1,031,986	1,482,458
Cashflow	**20,104**	**(355,000)**	**(334,896)**
Loan settlements	-	-	-
Interests	-	**38,573**	**38,573**
31 December 2023	**470,576**	**715,559**	**1,186,135**

(All amounts are in Saudi Riyals unless otherwise stated)

26 Regulatory capital requirements and capital adequacy ratio

The Group's objectives when managing capital are to comply with the capital requirements set by the Capital Market Authority (CMA) to safeguard the Group's ability to continue as a going concern, and to maintain a strong capital base.

	2023	2022	Change percentage %
Capital ratio			
Tier-I Capital Ratio	**16,46**	15,19	8%
Total	**16,46**	15,19	8%
Capital base			
Tier-I Capital Base	**61,473,175**	52,357,768	17%
Total	**61,473,175**	52,357,768	17%
Risk-weighted assets			
Credit risk	**216,089,597**	177,957,828	21%
Market risk	**305,328**	305,760	0%
Operation risk	**29,394,256**	22,843,931	29%
Concentration risk	**127,588,470**	143,554,307	(11%)
Total	**373,377,651**	344,661,826	8%
Minimum capital requirements	**29,870,212**	27,572,946	8%
Surplus	**31,602,963**	24,784,822	28%

Capital base comprises of:

Tier I capital

It comprises of paid-up capital, retained earnings, share premium and reserves.

Tier-II capital

The minimum capital requirements related to credit risk, market risk and operation risk is calculated based on specific conditions stated in pillar III of the regulations issued by the CMA. The Group's objective from capital management is to comply with the capital requirements approved by the CMA, to safeguard the Group's ability to continue its operations on a going concern basis and maintain a strong capital base.

The Group's management monitors the capital adequacy and its deployment of capital on a periodical basis. As per the regulations of the CMA, the Group shall maintain a minimum limit of regulatory capital. Whereas the ratio of the gross regulatory capital over risk weighted assets is at or above the minimum required ratio. The Group monitors the capital adequacy by using the ratios specified by the CMA. Based on such ratios, the Group measures the extent of its capital adequacy for the assets and obligations appearing in its financial statements using weighted balances to reveal its relative risk.

(All amounts are in Saudi Riyals unless otherwise stated)

27 Earnings per share

The Company presents information about earnings per share for its ordinary shares. Basic earnings per share are calculated by dividing the earnings attributable to ordinary shareholders of the Company by the weighted average number of ordinary shares outstanding during the year.

	31 December 2023	**31 December 2022**
Earnings per share from profit from operations		
Profit for the year	**9,205,040**	4,144,319
Weighted average number of shares	5,604,203	5,604,203
Earnings per share	**1,64**	0,74
Earnings per share from total comprehensive income		
Total comprehensive income for the year	**9,115,407**	4,118,637
Weighted average number of shares	**5,604,203**	5,604,203
Earnings per share	**1,63**	0,73

28 Customers' accounts

Customers' accounts consist of customers investments amounting to SAR 16,65 million on 31 December 2023 (2022: SAR 16,79 million). These accounts were not included in the consolidated financial statements in accordance with Article (71) of the “Capital Market Institutions’ Regulations. There was no cash balance for customers in the Company's bank accounts as at 31 December 2023 and 2022.