

**NOMW Capital Company for Financial Consultant**  
(Closed Joint Stock Company)  
**FINANCIAL STATEMENTS**  
**For the year ended 31 December 2021**  
together with the  
**Independent Auditor's Report**

**NOMW CAPITAL COMPANY FOR FINANCIAL CONSULTANT**  
(Closed Joint Stock Company)  
**FINANCIAL STATEMENTS**  
For the year ended 31 December 2021

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**INDEPENDENT AUDITOR'S REPORT****To the Shareholders****NOMW Capital Company for Financial Consultant****Report on the audit of the financial statements*****opinion***

We have audited the financial statements of NOMW Capital Company for Financial Consultant (Closed Joint Stock Company) (the "Company"), which comprise the financial position as at 31 December 2021, statements of income, comprehensive income, changes in shareholders' equity, cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Company as at 31 December 2021 and its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards ("IFRS") that are endorsed in the Kingdom of Saudi Arabia and other standards and pronouncements endorsed by the Saudi Organization for Chartered and Professional Accountants ("SOCPA").

***Basis for opinion***

We conducted our audit in accordance with International Standards on Auditing that are endorsed in the Kingdom of Saudi Arabia. Our responsibilities under those standards are further described in the "*Auditor's Responsibilities for the Audit of the Financial Statements*" section of our report. We are independent of the Company in accordance with the professional code of conduct and ethics that are endorsed in the Kingdom of Saudi Arabia that are relevant to our audit of the Company's financial statements and we have fulfilled our ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

***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 endorsed by SOCOPA and Regulations for Companies and the Company's Bylaws and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

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

**INDEPENDENT AUDITOR'S REPORT**  
**To the Shareholders**  
**NOMW Capital Company for Financial Consultant**

**Report on the audit of the financial statements (Continued)**

***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 judgement and maintain professional skepticism throughout the audit. We also:

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

**INDEPENDENT AUDITOR'S REPORT**  
**To the Shareholder**  
**NOMW Capital Company for Financial Consultant****Report on the audit of the financial statements (Continued)**

- 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.

**Al-Bassam & Co.**  
**Riyadh, Kingdom of Saudi Arabia**



**Ibrahim A. Al-Bassam**  
Certified Public Accountant  
License No. 337

27 March 2022  
24 Shaban 1443

**NOMW CAPITAL COMPANY FOR FINANCIAL CONSULTANT**  
 (Closed Joint Stock Company)  
**STATEMENT OF FINANCIAL POSITION**  
 As at 31 December 2021  
*(Saudi Arabian Riyals)*

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	Note	<b>31 December 2021</b>	<b>31 December 2020</b>
<b>ASSETS</b>			
<b>NON-CURRENT ASSETS</b>			
Investments measured at FVOCI	10	<b>7,765,202</b>	7,652,806
Property and equipment, net	11	<b>614,588</b>	65,860
Right of use asset	12	<b>1,703,070</b>	-
<b>TOTAL NON-CURRENT ASSETS</b>		<b>10,082,860</b>	7,718,666
<b>CURRENT ASSETS</b>			
Cash and cash equivalents	5	<b>6,995,435</b>	13,356,500
Accounts Receivable	7	<b>22,094,115</b>	40,933,196
Investments carried at FVIS	6	<b>538,881</b>	310,820
Prepayments and other current assets	8	<b>935,277</b>	652,901
Due from related parties	9	<b>13,553,121</b>	8,357,436
<b>TOTAL CURRENT ASSETS</b>		<b>44,116,829</b>	63,610,853
<b>TOTAL ASSETS</b>		<b>54,199,689</b>	71,329,519
<b>SHARE HOLDERS' EQUITY</b>			
Share Capital	16	<b>50,000,000</b>	50,000,000
Statutory reserve	17	<b>3,561,185</b>	3,561,185
Retained earnings		<b>(1,916,059)</b>	17,863,370
Investments fair value reserve	10	<b>(5,392,700)</b>	(5,505,096)
Actuarial gains and losses reserve		<b>726,329</b>	516,271
<b>TOTAL SHAREHOLDER'S EQUITY</b>		<b>46,978,755</b>	66,435,730
<b>NON-CURRENT LIABILITIES</b>			
Employees' post-employment benefits	15	<b>353,838</b>	483,773
Lease liability - Long term	12	<b>750,925</b>	-
<b>TOTAL NON-CURRENT LIABILITIES</b>		<b>1,104,763</b>	483,773
<b>CURRENT LIABILITIES</b>			
Accrued Zakat	14	<b>1,188,926</b>	1,519,472
Accrued expenses and other current liabilities	13	<b>4,157,745</b>	2,890,544
Lease liability - Short term	12	<b>769,500</b>	-
<b>TOTAL CURRENT LIABILITIES</b>		<b>6,116,171</b>	4,410,016
<b>TOTAL LIABILITIES</b>		<b>7,220,934</b>	4,893,789
<b>TOTAL SHAREHOLDERS' EQUITY AND LIABILITIES</b>		<b>54,199,689</b>	71,329,519

The accompanying notes (1) to (24) form an integral part of these financial statements.

**NOMW CAPITAL COMPANY FOR FINANCIAL CONSULTANT**

(Closed Joint Stock Company)

**STATEMENT OF (LOSS) / INCOME**

For the year ended 31 December 2021

(*Saudi Arabian Riyals*)

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	<u>Note</u>	<b>For the year ended 31 December 2021</b>	<b>For the year ended 31 December 2020</b>
<b>INCOME</b>			
Asset management fee		<b>5,676,049</b>	16,392,851
Arrangement fee		<b>1,162,044</b>	349,878
Custody fee		<b>2,056,586</b>	1,485,760
Income from investment	18	<b>1,725,137</b>	579,430
Other income		<b>497,801</b>	-
<b>TOTAL INCOME</b>		<b>11,117,617</b>	18,807,919
<b>EXPENSES</b>			
General and administrative expenses	19	<b>(29,637,591)</b>	(10,059,922)
<b>TOTAL EXPENSES</b>		<b>(29,637,591)</b>	(10,059,922)
<b>NET (LOSS) INCOME BEFORE ZAKAT</b>		<b>(18,519,974)</b>	8,747,997
Zakat	14	<b>(1,259,455)</b>	(1,432,678)
<b>NET (LOSS) INCOME FOR THE YEAR</b>		<b>(19,779,429)</b>	7,315,319

The accompanying notes (1) to (24) form an integral part of these financial statements.

**NOMW CAPITAL COMPANY FOR FINANCIAL CONSULTANT**

(Closed Joint Stock Company)

**STATEMENT OF COMPREHENSIVE (LOSS) / INCOME**

For the year ended 31 December 2021

(*Saudi Arabian Riyals*)

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<u>Note</u>	<b>For the year ended 31 December 2021</b>	<b>For the year ended 31 December 2020</b>
<b>NET (LOSS) INCOME FOR THE YEAR</b>	<b>(19,779,429)</b>	7,315,319
<b>Items that not will be reclassified subsequently to statement of income:</b>		
Net change on equity instruments carried at fair value through other comprehensive income	10 <b>112,396</b>	(919,592)
Remeasurements of post-employment benefit obligations	15 <b>210,058</b>	411,836
<b>OTHER COMPREHENSIVE INCOME (LOSS) FOR THE YEAR</b>	<b>322,454</b>	(507,756)
<b>TOTAL COMPREHENSIVE (LOSS) INCOME FOR THE YEAR</b>	<b>(19,456,975)</b>	<b>6,807,563</b>

The accompanying notes (1) to (24) form an integral part of these financial statements.

**NOMW CAPITAL COMPANY FOR FINANCIAL CONSULTANT**  
 (Closed Joint Stock Company)  
**STATEMENT OF CHANGES IN SHAREHOLDER'S EQUITY**  
 For the year ended 31 December 2021  
*(Saudi Arabian Riyals)*

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	<u>Note</u>	<u>Share Capital</u>	<u>Statutory Reserve</u>	<u>Retained earnings</u>	<u>Investment Fair value reserve</u>	<u>Actuarial gain and losses reserve</u>	<u>Total</u>
<b>Balance at 1 January 2020</b>		50,000,000	2,829,653	11,279,583	(4,585,504)	104,435	59,628,167
Net income for the year		-	-	7,315,319	-	-	7,315,319
Net changes in fair value investments measured at FVOCI	10	-	-	-	(919,592)	-	(919,592)
Remeasurements of post-employment benefit obligations	15	-	-	-	-	411,836	411,836
<b>Total Comprehensive income for the year</b>		-	-	7,315,319	(919,592)	411,836	6,807,563
Transferred to statutory reserve		-	731,532	(731,532)	-	-	-
<b>Balance as at 31 December 2020</b>		<u>50,000,000</u>	<u>3,561,185</u>	<u>17,863,370</u>	<u>(5,505,096)</u>	<u>516,271</u>	<u>66,435,730</u>
 <b>Balance at 1 January 2021</b>		 50,000,000	 3,561,185	 17,863,370	 (5,505,096)	 516,271	 66,435,730
Net loss for the year		-	-	(19,779,429)	-	-	(19,779,429)
Net changes in fair value investments measured at FVOCI	10	-	-	-	112,396	-	112,396
Remeasurements of post-employment benefit obligations	15	-	-	-	-	210,058	210,058
<b>Total Comprehensive loss for the year</b>		-	-	(19,779,429)	112,396	210,058	(19,456,975)
<b>Balance as at 31 December 2021</b>		<u>50,000,000</u>	<u>3,561,185</u>	<u>(1,916,059)</u>	<u>(5,392,700)</u>	<u>726,329</u>	<u>46,978,755</u>

The accompanying notes (1) to (24) form an integral part of these financial statements.

**NOMW CAPITAL COMPANY FOR FINANCIAL CONSULTANT**

(Closed Joint Stock Company)

**STATEMENT OF CASH FLOWS**

For the year ended 31 December 2021

(*Saudi Arabian Riyals*)

<b>CASH FLOW FROM OPERATING ACTIVITIES</b>	<u>Note</u>	<b>For the year ended 31 December 2021</b>	For the year ended 31 December 2020
Net (loss) income before zakat		(18,519,974)	8,747,997
<i>Adjustments to reconcile net income before zakat to net cash from operating activities</i>			
Unrealized (gain)/loss on investment measured at FVIS		9,434	(59,022)
Realized gain on investment carried at FVIS		(1,054,993)	-
Depreciation		643,223	22,218
Loss on sale of property and equipment		1,592	-
Finance cost		18,473	-
Provision for Employees' post-employment benefits		246,240	383,644
write off expense	7	18,206,598	-
		(449,407)	9,094,837
<i>Changes in operating assets and liabilities</i>			
Accounts Receivable		632,483	806,701
Due from related parties		(5,195,685)	(15,481,834)
Prepayments and other current assets		(282,376)	(111,114)
Accrued expenses and other current liabilities		1,267,201	(160,402)
		(4,027,784)	(5,851,812)
Zakat paid	14	(1,590,001)	(1,373,457)
Employees' post-employment benefits paid	15	(166,117)	(908,176)
<b>Net cash used in operating activities</b>		<b>(5,783,902)</b>	<b>(8,133,445)</b>
<b>CASH FLOW FROM INVESTING ACTIVITIES</b>			
Purchase of property and equipment	11	(628,204)	(51,793)
Sell of property and equipment		3,043	5,637
Purchase of Investments carried at FVIS		(4,109,982)	(15,500)
Proceeds of Investments carried at FVIS		4,927,480	-
<b>Net cash generated from / (used in) investing activities</b>		<b>192,337</b>	<b>(61,656)</b>
<b>CASH FLOW FROM FINANCING ACTIVITIES</b>			
Lease liability payments		(769,500)	-
<b>Net cash used in financing activities</b>		<b>(769,500)</b>	<b>-</b>
<b>Net changes in cash and cash equivalents</b>			
Cash and cash equivalents at beginning of the year		(6,361,065)	(8,195,101)
<b>Cash and cash equivalents at the end of the year</b>		<b>13,356,500</b>	<b>21,551,601</b>
		<b>6,995,435</b>	<b>13,356,500</b>
<b>Supplemental non-cash information</b>			
Net changes in fair value of investments measured at FVOCI		112,396	-
Right of use asset	12	2,271,452	(919,592)
Lease liability	12	(2,271,452)	-

The accompanying notes (1) to (24) form an integral part of these financial statements.

# **NOMW CAPITAL COMPANY FOR FINANCIAL CONSULTANT**

(Closed Joint Stock Company)

## **NOTES TO THE FINANCIAL STATEMENTS**

For the year ended 31 December 2021

(*Saudi Arabian Riyals*)

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### **1. ORGANIZATION AND PRINCIPAL ACTIVITIES**

NOMW Capital Company for Financial Consultant (the “Company”) is a Saudi Closed Joint Stock Company established and registered in Riyadh, Kingdom of Saudi Arabia under commercial registration No. 1010404870 on 17 Rabi Thani 1435H (corresponding to 17 February 2014). The Company carries out its activities under authorization license number 13172-37 dated 23 Muharram 1435H (corresponding to 26 November 2013) issued by the Capital Market Authority (“CMA”).

The principal activities of the Company are to carry out dealing as principal, underwriting, managing, arranging and acting as custodian in the securities business as per license of the CMA. Further, the Company received the approval of Ministry of Commerce and Industry to start its operations on Thursday 13 Rabi Thani 1435H corresponding to 13 February 2014.

### **2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

The principal accounting policies applied in the preparation of these financial statements are set out below. These policies have been consistently applied to all the periods presented, unless otherwise stated.

#### **2.1 Basis of preparation and statement of compliance**

These financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS) that are endorsed in the Kingdom of Saudi Arabia and other standards and pronouncements endorsed by the Saudi Organization for Chartered and Professional Accountants ("SOCPA").

The financial statements have been prepared on a historical cost convention, except for the measurement at fair value of investments carried at FVIS and investments measured at FVOCI.

#### **2.2 Functional and presentation currency**

Items included in the financial statements are measured using the currency of the primary economic environment in which the Company operates (the “functional currency”). These financial statements are presented in Saudi Arabian Riyal (“SAR”) which is the Company’s functional and presentation currency.

##### *Transactions and balances*

Foreign currency transactions are translated into SAR using the exchange rates prevailing at the date of transactions. Foreign currency assets and liabilities are translated into SAR using the exchange rates.

Prevailing at the statement of financial position date. Foreign exchange gains and losses arising from translation are included in the statement of comprehensive income.

#### **2.3 Critical accounting judgments estimates and assumption**

The preparation of the financial statements requires management to make judgments, estimates and assumptions that affect the reported amounts of income, expenses, assets and liabilities, and the accompanying disclosures, and the disclosure of contingent liabilities. Uncertainty about these assumptions and estimates could result in outcomes that require a material adjustment to the carrying amount of assets or liabilities affected in future periods

The key assumptions concerning the future and other key sources of estimation uncertainty at the reporting date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next accounting period, are described below. The Company based its assumptions and estimates on parameters available when the financial statements were prepared. Existing circumstances and assumptions about future developments, however, may change due to market changes or circumstances arising beyond the control of the Company. Such changes are reflected in the assumptions when they occur.

**NOMW CAPITAL COMPANY FOR FINANCIAL CONSULTANT**

(Closed Joint Stock Company)

**NOTES TO THE FINANCIAL STATEMENTS**

For the year ended 31 December 2021

(*Saudi Arabian Riyals*)

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**2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED):**

**2.3 Critical accounting judgments estimates and assumption (continued):**

**Going Concern**

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

**Impairment of non-financial assets**

The carrying amounts of the non-financial assets are reviewed at the end of each reporting date or more frequently to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated.

An impairment loss is recognized if the carrying amount of an asset or a cash-generating unit exceeds the recoverable amount. The recoverable amount of an asset or cash-generating unit is the greater of its value in use and its fair value less costs to sell. In assessing value in use, the estimated future cash flows are discounted to their present values using the pre-tax discount rate that reflects the current market assessments of time value of money and the risks specific to the asset. The fair value less cost to sell is based on observable market prices or, if no observable market prices exist, estimated prices for similar assets or if no estimated prices for similar assets are available, then based on discounted future cash flow calculations.

**Actuarial valuation of employee benefits liabilities**

The cost of the post-employment benefits ("employee benefits") under defined unfunded benefit plan is determined using actuarial valuation. An actuarial valuation involves making various assumptions that may differ from actual developments in the future. These include the determination of the discount rate, future salary increases, and mortality rates. Due to the complexity of the valuation and its long-term nature, a defined unfunded benefit obligation is highly sensitive to changes in these assumptions. All assumptions are reviewed on an annual basis or more frequently, if required.

**2.4 Cash and cash equivalents**

Cash and cash equivalents comprise cash with banks and other short-term highly liquid investments, if any, with original maturities of three months or less, which are available to the Company without any restrictions.

**2.5 Financial instruments**

**2.5.1 Measurement methods**

Initial recognition and measurement

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

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 income statement, 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. Transaction costs of financial assets and financial liabilities carried at fair value through income statement are expensed in the statement of income. Immediately after initial recognition, an expected credit loss allowance (ECL), if material is recognised for financial assets measured at amortised cost, which results in an accounting loss being recognised in the statement of income when an asset is newly originated.

# **NOMW CAPITAL COMPANY FOR FINANCIAL CONSULTANT**

(Closed Joint Stock Company)

## **NOTES TO THE FINANCIAL STATEMENTS**

For the year ended 31 December 2021

(*Saudi Arabian Riyals*)

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## **2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED):**

### **2.5 Financial instruments (continued):**

#### **2.5.1 Measurement methods (continued):**

##### *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 classifies its equity instruments at fair value through income statement (FVIS). The Company subsequently measures all equity investments at fair value through income statement, except where the Management has elected, at initial recognition, to irrevocably designate an equity investment at fair value through other comprehensive income. 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 statement of comprehensive income and are not subsequently reclassified to the statement of income, including on disposal. Impairment losses (and reversal of impairment losses) are not reported separately from other changes in fair value. Dividends, when representing a return on such investments, continue to be recognised in the statement of income statement when the Company's right to receive payments is established.

##### *Debt instruments*

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.

Based on these factors, the Company classifies its debt instruments into amortised cost categories:

##### *Amortised cost*

Assets that are held for collection of contractual cash flows where those cash flows represent solely payments of principal and income (SPPI), and that are not designated at FVIS, are measured at amortised cost. The carrying amount of these assets is adjusted by any expected credit loss allowance. Income earned from these financial assets is recognised in the statement of income using the effective commission rate method.

#### **2.5.2 Impairment of financial assets**

The Company assesses on a forward-looking basis the expected credit loss ("ECL") associated with its financial 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.

#### **2.5.3 Derecognition**

Financial assets, or a portion thereof, are derecognised when the contractual rights to receive the cash flows from the assets have expired, or when they have been transferred and either (i) the Company transfers substantially all the risks and rewards of ownership, or (ii) the Company neither transfers nor retains substantially all the risks and rewards of ownership and the Company has not retained control.

# **NOMW CAPITAL COMPANY FOR FINANCIAL CONSULTANT**

(Closed Joint Stock Company)

## **NOTES TO THE FINANCIAL STATEMENTS**

For the year ended 31 December 2021

(*Saudi Arabian Riyals*)

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## **2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

### **2.5.4 Financial liabilities**

The Company classifies its financial liabilities at amortised cost unless it has designated liabilities at FVIS. The Company derecognises a financial liability when its contractual obligations are discharged, cancelled or expired.

### **2.6 Offsetting**

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

### **2.7 Employees' post-employment benefits**

Post-employment defined benefit plans, end of service benefits plan, indemnity plans and other long-term employee related liabilities represent obligations that will be settled in the future and require actuarial valuations to determine these obligations. Management is required to make further assumptions regarding variables such as discount rates, rates of salary increase, longevity, employee turnover and future healthcare costs, if applicable. Periodically, management consults external actuaries regarding these assumptions. Changes in key assumptions can have a significant impact on the projected benefit obligations and employee defined benefit cost.

### **2.8 Accrued expenses and other current liabilities**

Accrued expenses and other current liabilities are recognised initially at fair value and subsequently measured at amortised cost using the effective commission rate method.

### **2.9 Provisions**

A provision is recognised when the Company has a present legal or constructive obligation as a result of past events, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation, and a reliable estimate of the amount can be made. Provision is not recognised for future operating loss.

### **2.10 Zakat**

Zakat is provided for the Company in accordance with Saudi Arabian fiscal regulations. The provision is charged to the statement of income. Additional amounts, if any, that may become due on finalization of an assessment are accounted for in the year in which assessment is finalized.

### **2.11 Property and equipment**

Property and equipment are stated at cost net of accumulated depreciation and any impairment in value. The cost of property and equipment is depreciated and amortised on the straight-line method over the estimated useful lives of the assets as follows:

Leasehold improvements	2 years or base period whichever is less
Computers, equipment and software	3 years
Furniture and fixtures	3 years
Motor vehicles	5 years

### **2.12 Assets under management**

The Company offers asset management services to its customers, which include management of certain mutual funds and DPMs. Such assets are held in fiduciary capacity and are not treated as assets of the Company. Accordingly, these are not included in the financial statements and are treated as off-balance sheet items.

**NOMW CAPITAL COMPANY FOR FINANCIAL CONSULTANT**

(Closed Joint Stock Company)

**NOTES TO THE FINANCIAL STATEMENTS**

For the year ended 31 December 2021

(*Saudi Arabian Riyals*)

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**2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED):**

**2.13 Income recognition**

The company recognizes revenue at a point in time. The amount of revenue to be recognized is based on the consideration that the Company expects to receive at contract inception, in exchange for its services..

- ***Asset management and advisory fee income***

Fees and commissions are recognized when the service has been provided. Portfolio and other management advisory and service fees are recognized based on the applicable service contracts, usually on a time-proportionate basis. Fees received on asset management, financial planning and custody services are recognized over the period when the service is provided.

- ***Underwriting fee income***

Underwriting fee income is recognized when the shares are allotted to the investors.

- ***Income from murabah placements***

Income from murabah placements on deposits for all commission-bearing financial instruments, are recognized in the statement of income on the effective yield basis. The effective yield is the rate that exactly discounts the estimated future cash payments and receipts through the expected life of the financial asset or liability (or, where appropriate, a shorter period) to the carrying amount of the financial asset or liability. When calculating the effective yield, the Company estimates future cash flows considering all contractual terms of the financial instrument but not future credit losses.

- ***Arrangement fee income***

Arrangement fee is recognized based on the underlying agreement when the related transaction are executed and is in accordance with accrual basis.

- ***Dividend income***

Dividend income is recognized when the right to receive dividend is established.

**2.14 Expenses**

All expenses not directly attributable to the earning of income are classified as general and administrative expenses.

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**3. NEW STANDARDS, AMENDMENTS TO STANDARDS AND INTERPRETATIONS**

Amendments

A number of new amendments to standards, enlisted below, are effective this year but they do not have a material effect on the Company's Financial Statements, except for where referenced below.

**New amendments to standards issued and applied effective in year 2021**

<b>Amendments to standard</b>	<b>Description</b>	<b>Effective for annual years beginning on or after</b>	<b>Summary of the amendment</b>
IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16	Interest Rate Benchmark Reform – Phase 2	January 1, 2021	These amendments modify specific hedge accounting requirements to allow hedge accounting to continue for affected hedges during the period of uncertainty before the hedged items or hedging instruments affected by the current interest rate benchmarks are amended as a result of the on-going interest rate benchmark reforms. The amendments also introduce new disclosure requirements to IFRS 7 for hedging relationships that are subject to the exceptions introduced by the amendments to IFRS 9.
IFRS 16	Amendments to IFRS 16 Leasing - Covid-19 Related Concessions	Rent April 1, 2021	This amendment extend the exemption from assessing whether a COVID-19-related rent concession is a lease modification for payments originally due on or before June 30, 2022 (rather than payment due on or before June 30, 2021).

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**4. NEW STANDARDS, AMENDMENTS AND REVISED IFRS ISSUED BUT NOT YET EFFECTIVE**

The Company has not applied the following new and revised IFRSs and amendments to IFRS that have been issued but are not yet effective.

<b>Amendments to standard</b>	<b>Description</b>	<b>Effective for annual years beginning on or after</b>	<b>Summary of the amendment</b>
IAS 37	Onerous Contracts – Change of Fulfilling a Contract	January 1, 2022	The amendments specify that the ‘cost of fulfilling’ a contract comprises the ‘costs that relate directly to the contract. These amendments apply to contracts for which the entity has not yet fulfilled all its obligations at the beginning of the annual reporting period in which the entity first applies the amendments.
IFRS 16, IFRS 9, IAS 41 and IFRS 1	Annual Improvements to IFRS Standards 2018–2020	January 1, 2022	IFRS 16: The amendment removes the illustration of the reimbursement of leasehold improvements  IFRS 9: The amendment clarifies that in applying the ‘10 per cent’ test to assess whether to derecognize a financial liability, an entity includes only fees paid or received between the entity (the borrower) and the lender. The amendment is to be applied prospectively to modifications and exchanges that occur on or after the date the entity first applies the amendment.  IAS 41: The amendment removes the requirement in IAS 41 for entities to exclude cash flows for taxation when measuring fair value.  IFRS 1: The amendment provides additional relief to a subsidiary which becomes a first-time adopter later than its parent in respect of accounting for cumulative translation difference.
IAS 16	Property, Plant and Equipment: Proceeds before Intended Use	January 1, 2022	The amendments prohibit deducting from the cost of an item of property, plant and equipment any proceeds from selling items produced before that asset is available for use. Additionally, the amendments also clarify the meaning of ‘testing whether an asset is functioning properly’.

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**4. NEW STANDARDS, AMENDMENTS AND REVISED IFRS ISSUED BUT NOT YET EFFECTIVE (CONTINUED)**

<b>Amendments to standard</b>	<b>Description</b>	<b>Effective for annual years beginning on or after</b>	<b>Summary of the amendment</b>
IFRS 3	Reference to the Conceptual Framework	January 1, 2022	The amendment as a whole updated IFRS 3 so that it refers to the 2018 Conceptual Framework instead of the 1989 Framework.
IFRS 17	Insurance Contracts	January 1, 2023	This is comprehensive new accounting standard for insurance contracts covering recognition and measurement, presentation and disclosure. Once effective, IFRS 17 (along with its subsequent amendments) will replace IFRS 4 Insurance Contracts (IFRS 4) that was issued in 2005.
IAS 1	Classification of Liabilities as Current or Non-current	January 1, 2023	The amendment has clarified what is meant by a right to defer settlement, that a right to defer must exist at the end of the reporting period, that classification is unaffected by the likelihood that an entity will exercise its deferral right and that only if an embedded derivative in a convertible liability is itself an equity instrument the terms of a liability would not impact its classification.
IAS 1 and IFRS Practice Statement 2	Disclosure of accounting policies	January 1, 2023	This amendment deals with assisting entities to decide which accounting policies to disclose in their financial statements
IAS 8	Amendment to definition of accounting estimate	January 1, 2023	This amendments regarding the definition of accounting estimates to help entities to distinguish between accounting policies and accounting estimates.
IAS 12	Income taxes	January 1, 2023	This amendment deals with clarification regarding accounting of deferred tax on transactions such as leases and decommissioning obligations
Amendment to IFRS 10 and IAS 28	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture	N/A	The amendments to IFRS 10 and IAS 28 deal with situations where there is a sale or contribution of assets between an investor and its associate or joint venture. Specifically, the amendments state that gains or losses resulting from the loss of control of a subsidiary.

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**4. NEW STANDARDS, AMENDMENTS AND REVISED IFRS ISSUED BUT NOT YET EFFECTIVE (CONTINUED)**

Management anticipates that these new standards interpretations and amendments will be adopted in the Company's financial statements as and when they are applicable and adoption of these interpretations and amendments may have no material impact on the financial statements of the Company in the period of initial application.

**5. CASH AND CASH EQUIVALENTS**

	<b>31 December 2021</b>	31 December 2020
Cash in hand	<b>5,000</b>	5,000
Bank balances	<b>6,990,435</b>	13,351,500
	<b>6,995,435</b>	13,356,500

**6. INVESTMENTS CARRIED AT FVIS**

	<b>31 December 2021</b>		31 December 2020	
	<b>Cost</b>	<b>Market value</b>	Cost	Market value
equity shares	<b>754,195</b>	<b>538,881</b>	516,700	310,820

**7. ACCOUNTS RECEIVABLE**

	<b>31 December 2021</b>	31 December 2020
Management fee receivable	<b>20,471,783</b>	39,774,610
Custody fee receivable	<b>1,428,137</b>	1,079,836
Other service fee receivables	<b>194,195</b>	78,750
	<b>22,094,115</b>	40,933,196

7-1 During the year 2021, the unitholders of Riyadh Logistic City Fund has requested the Company to transfer the fund to a different fund manager, the Board of Directors of the Company has offered the unitholders reduction of SAR 18.2m on the outstanding management fees accordingly the balance has been written off. On 8 September 2021 the CMA has approved the transfer of the fund.

**8. PREPAYMENT AND OTHER CURRENT ASSETS**

	<b>31 December 2021</b>	31 December 2020
Prepaid insurance	<b>315,009</b>	274,434
Prepaid rent	-	74,600
Advances paid to employees	<b>56,125</b>	91,810
Prepayments from fund establishment activities	<b>354,331</b>	91,900
Others	<b>209,812</b>	120,157
	<b>935,277</b>	652,901

**9. RELATED PARTIES' TRANSACTIONS AND BALANCES**

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Related parties represent, funds managed by the Company, shareholders, key management personnel of the Company and entities controlled, jointly controlled or significantly influenced by such parties. During the year, the Company entered into transactions in the ordinary course of business with its related parties. These transactions were entered into on terms and prices mutually agreed among the respective parties. The following are the major related parties' transactions of the Company that occurred during the year

	<i>Nature of transactions</i>	<i>Amounts of transactions</i>	
		<b>31 December 2021</b>	31 December 2020
NOMW Private Equity Fund	Management fee	1,100,000	1,100,000
NOMW Eshan Real Estate Fund	Management fee	992,026	2,055,825
Jeddah Hospitality Fund	Management fee	954,154	580,330
Board of directors	Meeting fee	370,000	55,000
	Short term benefits	2,172,900	3,510,725
Key management personnel	Employees' post-employment benefits	79,871	109,983

**Amounts due from related parties are as follows:**

	<b>31 December 2021</b>	31 December 2020
NOMW Eshan Real Estate Fund	7,117,305	6,191,790
Jeddah Hospitality Fund	1,234,580	332,921
Nomw private Equity fund	2,997,500	1,732,500
AlSabiq Investment Company	100,225	100,225
Nomw Medical Fund 2	2,103,511	-
	<b>13,553,121</b>	8,357,436

**10. INVESTMENTS MEASURED AT FVOCI**

	<b>31 December 2021</b>		31 December 2020	
	<b>Cost</b>	<b>Market value</b>	<b>Cost</b>	<b>Market value</b>
Equity shares	3,157,902	1,356,140	3,157,902	1,295,137
Funds managed by the Company	10,000,000	6,409,062	10,000,000	6,357,669
	<b>13,157,902</b>	<b>7,765,202</b>	13,157,902	7,652,806

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**11. PROPERTY AND EQUIPMENT, NET**

	Leasehold improvement	Computers, equipment and software	Furniture and fixtures	Motor vehicles	Capital work in progress	Total 2021	Total 2020
<b>Cost:</b>							
At the beginning of the year	382,725	402,809	242,470	174,900	-	1,202,904	1,160,520
Additions during the year	97,859	75,628	29,467	-	425,250	628,204	51,793
Disposals	(382,725)	(65,754)	(207,659)	-	-	(656,138)	(9,410)
<b>At the end of the year</b>	<b>97,859</b>	<b>412,683</b>	<b>64,278</b>	<b>174,900</b>	<b>425,250</b>	<b>1,174,970</b>	<b>1,202,903</b>
<b>Accumulated depreciation:</b>							
At the beginning of the year	382,725	341,831	237,587	174,900	-	1,137,043	1,118,598
Depreciation charge for the year	22,071	43,444	9,326	-	-	74,841	22,218
Disposals	(382,725)	(63,001)	(205,776)	-	-	(651,502)	(3,773)
<b>At the end of the year</b>	<b>22,071</b>	<b>322,274</b>	<b>41,137</b>	<b>174,900</b>	<b>-</b>	<b>560,382</b>	<b>1,137,043</b>
<b>Net book value:</b>							
<b>At 31 December 2021</b>	<b>75,788</b>	<b>90,409</b>	<b>23,141</b>	<b>-</b>	<b>425,250</b>	<b>614,588</b>	
At 31 December 2020	-	60,978	4,882	-	-		65,860

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**12. RIGHT OF USE ASSETS AND LEASE LIABILITIES**

The movement in right-of-use assets during the year is as follows:

	<b>31 December 2021</b>	31 December 2020
<b>Cost</b>		
As at 1 January	-	-
Additions	<b>2,271,452</b>	-
As at 31 December	<b>2,271,452</b>	-
<b>Accumulated Depreciation</b>		
As at 1 January	-	-
Charge for the year	<b>568,382</b>	-
As at 31 December	<b>568,382</b>	-
<b>Net Book Value</b>	<b>1,703,070</b>	-

The maturity of lease liabilities at year-end is as follows:

	<b>31 December 2021</b>	31 December 2020
Lease liability - Short term	<b>769,500</b>	-
Lease liability - Long term	<b>750,925</b>	-
	<b>1,520,425</b>	-

The total finance cost on lease liabilities recognized during the year ended 31 December 2021 amounted to SAR 18,473.

The rate applied is 1.67% for the lease of the company based on varying lease terms.

	<b>31 December 2021</b>
Year 1	<b>769,500</b>
Year 2	<b>750,925</b>
Total lease liabilities	<b>1,520,425</b>

**13. ACCRUED EXPENSES AND OTHER CURRENT LIABILITIES**

	<b>31 December 2021</b>	31 December 2020
Other payables	<b>1,874,221</b>	1,844,014
Accrued staff benefits	<b>1,190,840</b>	500,604
Value added tax payables	<b>218,233</b>	420,535
Accrued sub-fund manager fee	<b>458,794</b>	-
Other accrued expenses	<b>415,657</b>	125,391
	<b>4,157,745</b>	2,890,544

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	<b>31 December 2021</b>	31 December 2020
Shareholder equity	<b>73,827,479</b>	60,277,420
Opening balance of provisions and other adjustments	<b>869,448</b>	598,759
Book value of long-term assets	<b>(15,475,560)</b>	(7,691,500)
	<b>59,221,367</b>	53,184,679
Adjusted profit for the year	<b>(18,230,611)</b>	5,941,570
Zakat base	<b>59,221,367</b>	59,126,249
Zakat charge for the year @ 2.5%	<b>1,188,926</b>	1,519,472

Zakat is calculated on the higher of the zakat base or adjusted income for the year.

	<b>31 December 2021</b>	31 December 2020
At the beginning of the year	<b>1,519,472</b>	1,460,251
Charge for the year	<b>1,188,926</b>	1,519,472
Adjustment to prior year zakat	<b>70,529</b>	(86,794)
Payments during the year	<b>(1,590,001)</b>	(1,373,457)
At the end of the year	<b>1,188,926</b>	1,519,472

**Status of assessments**

Zakat returns for the years through to 31 December 2020 have been submitted to Zakat, Tax and Customs Authority (the “ZATCA”). The Company’s management is in process of submitting its 2021 return.

The Company received its zakat assessments for the financial years from 2014 to 2019. The Company objected to all these assessments and has the following status as at 31 December 2021:

**Zakat Assessment 2014**

On 12 December 2018, the Company received a zakat assessment for the financial year 2014 from the Zakat, Tax and Customs Authority (the “ZATCA”) which included a request for payment of SAR 1,250,000 and the Company filed an objection against this assessment. The objection was rejected by ZATCA and General Secretariat of Tax Committees (GSTC). The Company escalated the observation to the Tax Committee for resolution through the Tax Violations and Disputes Resolution Committee (TVDRC). The Company is currently following up with the TVDRC to determine the hearing session for reconsideration of the objection raised by the Company.

**Zakat Assessment 2015-2016**

The Company received the zakat assessment from ZATCA for the financial years from 2015 to 2016 and the Company filed an objection against this assessment. The objection was rejected by ZATCA. The Company escalated the observation to the Tax Committee for resolution through the Tax Violations and Disputes Resolution Committee (TVDRC) and TVDRC issued its decision on the assessment for the financial years 2015 and 2016 and accepted only certain points. The Company has submitted an appeal to the General Secretariat of Tax Committees against TVDRC’s decision. The appeal result was reached during the year 2021 in the favour of the Company.

**Zakat Assessment 2017-2018**

The Company received the zakat assessment from ZATCA for the years from 2017 to 2018 and the Company filed an objection against this assessment. The objection was rejected by ZATCA. The Company escalated the observation to the Tax Committee for resolution through GSTC.

**Zakat Assessment 2019**

The Company received the zakat assessment from ZATCA for the year 2019 and the Company filed an objection against this assessment. The objection was rejected by ZATCA. The Company escalated the observation to the Tax Committee for resolution through GSTC.

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**15. EMPLOYEES' POST EMPLOYMENT BENEFIT**

	<b>31 December 2021</b>	31 December 2020
Present value of employees' post-employment benefits	<b>353,838</b>	483,773

The major financial assumptions used to calculate the employees' post-employment benefits liabilities are as follows:

Principal actuarial assumptions

	<b>31 December 2021</b>	31 December 2020
Discount rate	<b>2.60%</b>	2.70%
General salary increases	<b>5.00%</b>	5.00%

The movements in employees' post-employment benefits recognized in the statement of financial position are as follows:

	<b>31 December 2021</b>	31 December 2020
Net liability at the beginning of the year	<b>483,773</b>	1,420,141
Current service and interest cost	<b>246,240</b>	383,644
Benefits paid during the year	<b>(166,117)</b>	(908,176)
Actuarial (gain) /losses through OCI	<b>(210,058)</b>	(411,836)
Net liability at the end of the year	<b>353,838</b>	483,773

The amounts recognized in the statement of income in respect of employees' post-employment benefits are as follows:

	<b>31 December 2021</b>	31 December 2020
Employer's current service and interest cost	<b>246,240</b>	383,644

The sensitivity of the employees' post-employment benefit to changes in the weighted principal assumptions is:

	Change in assumption	Increase / (decrease) in present value of employees' post-employment benefit liability	
		Amount	%
<b>31 December 2021</b>			
Discount rate	+0.5%	(15,366)	-4.34%
	-0.5%	16,610	4.69%
Salary growth rate	+0.5%	13,965	3.95%
	-0.5%	(13,080)	-3.70%
 <b>31 December 2020</b>			
Discount rate	+0.5%	(29,706)	-6.14%
	-0.5%	32,682	6.76%
Salary growth rate	+0.5%	22,315	4.61%
	-0.5%	(20,744)	-4.29%

**16. SHARE CAPITAL**

As at 31 December 2021 and 2020, the Company's paid-up capital of SAR 50 million was divided into 5 million parts of SAR 10 each.

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**17. STATUTORY RESERVE**

In accordance with the Company's By-Laws and the Regulations for Companies in the Kingdom of Saudi Arabia, the Company is required to transfer at least 10% of its net income each year to statutory reserve until such reserve equals to 30% of its share capital. This reserve is not available for distribution to the shareholders.

**18. INCOME FROM INVESTMENTS**

	For the year ended <b>31 December 2021</b>	For the year ended 31 December 2020
Dividend income	<b>18,686</b>	814
Income from Murabaha placements	<b>76,403</b>	86,986
Unrealised gain / (loss) on investment carried at FVIS	<b>(9,434)</b>	59,022
Realised gain / (loss) on investment carried at FVIS	<b>1,054,993</b>	-
Other income	<b>584,489</b>	432,608
	<b>1,725,137</b>	579,430

**19. GENERAL AND ADMINISTRATIVE EXPENSES**

	For the year ended <b>31 December 2021</b>	For the year ended 31 December 2020
write off expense (note 7-1)	<b>18,206,598</b>	-
Salaries and wages	<b>7,302,197</b>	6,638,943
Professional fees	<b>1,995,809</b>	2,366,845
Depreciation	<b>643,223</b>	22,218
Board of Director	<b>370,000</b>	55,000
Marketing and advertising	<b>273,709</b>	193,587
Licensing and subscription fee	<b>247,673</b>	225,357
Utilities and office	<b>171,227</b>	120,535
Travel	<b>111,938</b>	51,846
Rent	<b>97,809</b>	298,400
Insurance	<b>79,298</b>	72,800
printing and stationary	<b>59,829</b>	8,648
Others	<b>78,281</b>	5,743
	<b>29,637,591</b>	10,059,922

**20. ASSETS HELD UNDER FIDUCIARY CAPACITY**

Pursuant to CMA's Authorized Persons Regulations requiring Client money segregation, the Company holds clients' money in Omnibus accounts at a local bank to carry out its dealing, managing and custody activities. As at 31 December 2021, the clients' cash accounts held by the Company amounted to SR 28.1 million (31 December 2020: SR 1.0 million). Consistent with the Company's accounting policy, such balances are not included in the Company's financial statements as these are held by the Company in fiduciary capacity.

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**21. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT**

**21.1 Financial risk factors**

The objective of the Company is to safeguard the Company's ability to continue as a going concern so that it can continue to provide optimum returns to its shareholder and to ensure reasonable safety to the Shareholder.

The Company's activities expose it to a variety of financial risks: market risk, credit risk and liquidity risk. The Company Manager is responsible for identifying and controlling risks. The Company Board supervises the Company Manager and is ultimately responsible for the overall management of the Company.

Monitoring and controlling risk is primarily set up to be performed based on the limits established by the Company Board.

The Company uses different methods to measure and manage the various types of risk to which it is exposed; these methods are explained below.

**(a) Market risk**

*(i) Foreign exchange risk*

Foreign exchange risk is the risk that the value of future cash flows of a financial instrument will fluctuate due to changes in foreign exchange rates and arises from financial instruments denominated in foreign currency.

The financial instruments of the Company are denominated in SAR and United States Dollar (USD). The SAR is pegged against USD. The Company's transactions are principally in SAR and exposures in foreign currencies are not significant.

*(ii) Commission rate risk*

Commission rate risk is the risk that the value of the future cash flows of a financial instrument or fair values of fixed coupon financial instruments will fluctuate due to changes in market commission rates.

The Company does not have significant cash flow commission rate risk as it does not have any significant amount of variable rate financial instruments.

The Company is not exposed to fair value commission rate risk as the financial instruments of the Company are measured at amortised cost.

*(iii) Price risk*

Price risk is the risk that the value of the Company's financial instruments will fluctuate as a result of changes in market prices caused by factors other than foreign currency and profit rate movements.

The price risk arises primarily from uncertainty about the future prices of financial instruments that the Company holds. The Company diversifies the investment portfolio and closely monitors the price movement of its investments in financial instruments. As of the statement of financial position date, the Company has equity investments in Investee funds.

**31 December 2021**

**31 December 2020**

	Potential reasonable change %	Effect on equity	Potential reasonable change %	Effect on equity
Fund	1%	<b>64,090</b>	1%	63,577
Listed equity shares	1%	<b>18,950</b>	1%	16,060

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**21. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT (CONTINUED):**

**21.1 Financial risk factors (Continued)**

**(b) Credit risk**

The Company is exposed to credit risk, which is the risk that one party to a financial instrument will cause a financial loss for the other party by failing to discharge an obligation. The Company is exposed to credit risk for Cash and cash equivalents, accrued income and margin lending as follows:

	<b>31 December 2021</b>	<b>31 December 2020</b>
Cash at bank	6,990,436	13,351,500
Accounts Receivable	22,094,115	40,933,196
Due from related parties	13,553,121	8,357,436

The carrying amount of financial assets represents the maximum credit exposure.

Credit risk on due from related parties, accounts receivable and Cash and cash equivalents is limited as:

- Cash and cash equivalents, is held with banks with sound credit ratings from BBB- and above.
- Account receivable and due from related party:

The Company applies the IFRS 9 simplified approach to measuring expected credit losses which uses a lifetime expected loss allowance for all financial assets. The Company did not recognize impairment on account receivable and due from related party, because the amount of impairment was immaterial and fully collateralized respectively.

Its Company's policy to enter into financial instrument contracts with reputable counterparties. The Company seeks to limit its credit risk by monitoring credit exposures, limiting transactions with specific counterparties and continually assessing the creditworthiness of counterparties.

**(c) Liquidity risk**

Liquidity risk is the risk that the Company will encounter difficulty in raising funds to meet commitments associated with the financial instruments. Liquidity risk may result from the inability to sell a financial asset quickly at an amount close to its fair value. Financial assets of the Company as at period-end mainly included balances with bank, accrued income, margin lending and investments carried at FVIS and investments carried at FVOCI which can be utilized to meet changing liquidity requirements. Management monitors forecasted cash flow on a regular basis and ensures that positive cash flows from operating activities are maintained to fund the Company's future commitments.

**21.2 Fair value estimation**

The fair value for financial instruments traded in active markets is based on quoted market prices at the close of trading on the financial reporting date. Instruments for which no sales were reported on the valuation day are valued at the most recent bid price.

An active market is a market in which transactions for the asset or liability take place with sufficient frequency and volume to provide pricing information on an ongoing basis. The carrying value less impairment provision of financial instruments carried at amortised cost are assumed to approximate their fair values.

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**21. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT (CONTINUED):**

**21.2 Fair value estimation (Continued):**

**(c) Liquidity risk (Continued)**

The fair value hierarchy has the following levels:

- Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date;
- Level 2 inputs are inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly; and
- Level 3 inputs are unobservable inputs for the asset or liability.

The table below presents the financial instruments at their fair values as of 31 December based on the fair value hierarchy:

	<b>31 December 2021</b>			
	<b>Level 1</b>	<b>Level 2</b>	<b>Level 3</b>	<b>Total</b>
Fund managed by the Company	-	-	<b>6,409,062</b>	<b>6,409,062</b>
equity shares	<b>1,895,021</b>	-	-	<b>1,895,021</b>
Total	<b>1,895,021</b>	-	<b>6,409,062</b>	<b>8,304,083</b>

	<b>31 December 2020</b>			
	<b>Level 1</b>	<b>Level 2</b>	<b>Level 3</b>	<b>Total</b>
Fund managed by the Company	-	-	<b>6,357,669</b>	<b>6,357,669</b>
equity shares	<b>1,605,957</b>	-	-	<b>1,605,957</b>
Total	<b>1,605,957</b>	-	<b>6,357,669</b>	<b>7,963,626</b>

Financial assets at fair value through income statement classified as Level 3 include investments in equity securities recorded at cost and investment in an unquoted mutual fund, the fair value of which is determined based on net assets value (NAV) obtained from the latest available financial statements of the unquoted mutual fund.

**NOMW CAPITAL COMPANY FOR FINANCIAL CONSULTANT**

(Closed Joint Stock Company)

**NOTES TO THE FINANCIAL STATEMENTS**

For the year ended 31 Dec 2021

(*Saudi Arabian Riyals*)

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**22. REGULATORY CAPITAL REQUIREMENT AND CAPITAL ADEQUACY RATIO**

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

<b>(Amount in ‘000)</b>	<b>31 December 2021</b>	<b>31 December 2020</b>
<b>Capital Base:</b>		
Tier 1 capital	<b>46,252</b>	65,919
Tier 2 capital	-	-
<b>Total Capital Base</b>	<b>46,252</b>	65,919
 <b>Minimum Capital Required:</b>		
Credit risk	<b>19,931</b>	37,946
Operational risk	<b>7,724</b>	3,095
Market risk	<b>54</b>	55
<b>Total Minimum Capital Required</b>	<b>27,709</b>	41,096
 <b>Capital Adequacy Ratio:</b>		
Surplus in Capital	<b>18,543</b>	24,823
<b>Capital Adequacy Ratio (times)</b>	<b>1.67</b>	1.60

**23. COMPARATIVE INFORMATION**

Certain amounts in the prior period have been reclassified in order to conform to the presentation for the current year.

**24. APPROVAL OF THE FINANCIAL STATEMENTS**

These financial statements were approved by the Board of Directors on 18 Shaban 1443 H (corresponding to 21 March 2022).