

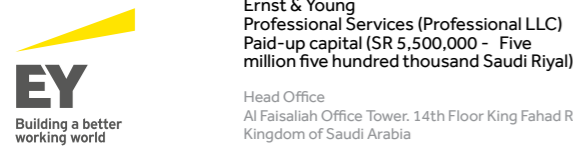
Consolidated Financial Statements

143	Independent Auditor's Report
147	Consolidated Statement of Financial Position
148	Consolidated Statement of Profit or Loss and Other Comprehensive Income
149	Consolidated Statement of Changes in Equity
150	Consolidated Statement of Cash Flows
151	Notes to the Consolidated Financial Statements

The Group's impressive growth in Data and Technology Services highlights strategic foresight and positions the Group for continued success in a dynamic landscape.

Independent Auditor's Report

TO THE SHAREHOLDERS OF SAUDI TADAWUL GROUP HOLDING COMPANY



C.R. No. 1010383821
Tel: +966 11 2159898
+966 11 273 4740
Fax: +966 11 273 4730
ey.ksa@sa.ey.com
ey.com

Opinion

We have audited the consolidated financial statements of Saudi Tadawul Group Holding Company, (the "Company") and its subsidiaries (the "Group"), which comprise the consolidated statement of financial position as at 31 December 2023, and the consolidated statement of profit or loss and other comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the year then ended, and notes to the consolidated financial statements, including material accounting policy information.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Group as at 31 December 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 that are endorsed by the Saudi Organization for Chartered and Professional Accountants.

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing that are endorsed in the Kingdom of Saudi Arabia. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Consolidated Financial Statements section of our report. We are independent of the Group in accordance with the International Code of Ethics for Professional Accountants (including International

Independence Standards) that is endorsed in the Kingdom of Saudi Arabia, that is relevant to our audit of the consolidated financial statements, and we have fulfilled our other ethical responsibilities in accordance with this Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements of the current period. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming auditor's opinion thereon, and we do not provide a separate opinion on these matters. For each matter below, our description of how our audit addressed the matter is provided in that context.

We have fulfilled the responsibilities described in the Auditor's responsibilities for the audit of the consolidated financial statements section of our report, including in relation to these matters. Accordingly, our audit included the performance of procedures designed to respond to our assessment of the risks of material misstatement of the consolidated financial statements. The results of our audit procedures, including the procedures performed to address the matters below, provide the basis for our audit opinion on the accompanying consolidated financial statements.

Independent Auditor's Report (continued)

TO THE SHAREHOLDERS OF SAUDI TADAWUL GROUP HOLDING COMPANY



Key audit matter	How our audit addressed the key audit matter
<p>Revenue recognition</p> <p>Revenue is key element of consolidated financial statements due to its materiality and is a key metric for the user of the Group's consolidated financial statements. Due to its scale and significance to the consolidated financial statements revenue recognition is determined as key audit matter.</p> <p>The Group has recognised revenue of SR 1,073 million for the year ended 31 December 2023 (2022: SR 1,090 million).</p> <p>The Group's revenue comprises of trading services, listing services, technology and information services, membership services and post-trade services. The recognition of certain revenue streams is automated while others revenue streams is through manual processing, therefore, controls around revenue recognition process are critical for correct recognition of revenue.</p> <p>Refer to note 3.16 for the accounting policy related to revenue recognition and note 24 for the related disclosure.</p>	<p>Our audit procedures performed included, among others, the following:</p> <ul style="list-style-type: none"> • Obtained our understanding of the revenue recognition process including the recording of the different revenue streams; • Tested design and implementation of relevant key controls around the revenue recognition process including the recognition of revenue streams; • Involved our IT specialists to test the operating effectiveness of general IT controls and IT application controls around the revenue recognition of trading services, technology and information services and major post-trade services (clearing, settlement and trading related custody services); • Performed recalculation of revenue recorded from trading services, listing fees (annual) and part of post-trade services (in relation to trading activity); • For a sample of transactions, we performed test of details to verify that the revenue recorded from listing fees, technology and information services and other post-trade services exists and is accurate through vouching to sales invoices; • Evaluated the accounting policies around the recognition of revenue under each revenue stream to determine if the recognition meets the point in time or over the period revenue recognition criteria; and • Assessed the appropriateness of the presentation and disclosures in the consolidated financial statements with respect to revenue and the relevant accounting policies.

Other information included in The Group's 2023 Annual Report

Other information consists of the information included in the Group's 2023 annual report, other than the consolidated financial statements and our auditor's report thereon. The Board of Directors is responsible for the other information in its annual report. The Group's 2023 annual report is expected to be made available to us after the date of this auditor's report.

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

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

When we read the Group's 2023 annual report, if we conclude that there is a material misstatement therein, we are required to communicate the matter to those charged with governance.

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

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with International Financial Reporting Standards that are endorsed in the Kingdom of Saudi Arabia and other standards and pronouncements that are endorsed by the Saudi Organization for Chartered and Professional Accountants and the provisions of Companies' Law and Company's By-laws, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

Independent Auditor's Report (continued)

TO THE SHAREHOLDERS OF SAUDI TADAWUL GROUP HOLDING COMPANY



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 are responsible for overseeing the Group's financial reporting process.

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

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with International Standards on Auditing that are endorsed in the Kingdom of Saudi Arabia will always detect a material misstatement when it exists.

Misstatements can arise from fraud or error and are considered material if, individually or in 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 judgment and maintain professional skepticism throughout the audit. We also:

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

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, 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.

Independent Auditor's Report (continued)

TO THE SHAREHOLDERS OF SAUDI TADAWUL GROUP HOLDING COMPANY



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.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, actions taken to eliminate threats or safeguards applied.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

for Ernst & Young Professional Services

Waleed G. Tawfiq
Certified Public Accountant
License No. (437)

Riyadh: 1 Ramadhan 1445H
 (11 March 2024)

SAUDI TADAWUL GROUP HOLDING COMPANY (A Saudi Joint Stock Company)

Consolidated Statement of Financial Position

As at 31 December 2023

(Saudi Arabian Riyals)

	Notes	31 December 2023	31 December 2022
ASSETS			
Non-current assets			
Property and equipment	4	217,792,547	110,404,115
Intangible assets and goodwill	5	348,988,802	139,298,385
Investments in associates	6	383,539,746	400,697,523
Right-of-use assets	7	217,360,938	5,310,445
Investments	8	391,088,818	55,809,077
Total non-current assets		1,558,770,851	711,519,545
Current assets			
Investments	8	269,253,058	618,569,219
Accounts receivable	9	94,707,793	64,348,393
Advances, prepayments and other assets	10	136,641,059	116,105,444
Clearing participant financial assets	11	3,526,916,817	4,060,678,204
Cash and cash equivalents	12	2,050,614,074	2,118,826,096
Total current assets		6,078,132,801	6,978,527,356
Total assets		7,636,903,652	7,690,046,901
EQUITY AND LIABILITIES			
Equity			
Share capital	1	1,200,000,000	1,200,000,000
Statutory reserve	13	-	360,000,000
Other reserve	16	(161,328,401)	-
Retained earnings		2,090,363,953	1,619,689,827
Total equity		3,129,035,552	3,179,689,827
Non-current liabilities			
Lease liabilities	14	150,950,630	-
Employees' end-of-service benefits	15	98,708,089	79,561,092
Non-controlling interest put option	16	175,363,779	-
Long-term borrowings	17	1,145,301	-
Deferred revenue	21	12,397,613	-
Total non-current liabilities		438,565,412	79,561,092
Current liabilities			
Lease liabilities	14	51,306,125	-
Current portion of long-term borrowings	17	10,342,741	-
Clearing participant financial liabilities	18	3,508,060,041	4,050,236,628
Accounts payable	19	49,793,406	12,467,820
Balance due to Capital Market Authority (CMA)	20	55,137,969	19,375,330
Deferred revenue	21	30,378,316	16,722,361
Accrued expenses and other current liabilities	22	300,062,492	264,771,975
Zakat provision	23	64,221,598	67,221,868
Total current liabilities		4,069,302,688	4,430,795,982
Total liabilities		4,507,868,100	4,510,357,074
Total equity and liabilities		7,636,903,652	7,690,046,901

The accompanying notes from (1) through (40) form an integral part of these consolidated financial statements.



Chairperson



Group Chief Executive Officer



Group Chief Financial Officer

SAUDI TADAWUL GROUP HOLDING COMPANY (A Saudi Joint Stock Company)

Consolidated Statement of Profit or Loss and Other Comprehensive Income

For the year ended 31 December 2023

(Saudi Arabian Riyals)

	Notes	For the year ended 31 December	
		2023	2022
Operating revenue	24	1,072,780,190	1,090,195,935
Operating costs	25	(465,938,351)	(387,725,914)
Gross profit		606,841,839	702,470,021
General and administrative expenses	26	(278,906,922)	(256,317,557)
Reversal / (allowance) for expected credit losses	27	390,305	(268,425)
Operating profit		328,325,222	445,884,039
Investment income	28	127,034,102	55,957,975
Share of results of associates and reversal of impairment	6	(17,157,777)	(9,918,562)
Finance costs	29	(4,246,034)	(2,371,987)
Other income , net		3,041,049	2,737,273
Non-operating profit		108,671,340	46,404,699
Profit before zakat for the year		436,996,562	492,288,738
Zakat expense	23	(55,499,811)	(67,690,412)
Profit for the year		381,496,751	424,598,326
Profit for the year is attributable to:			
Ordinary shareholders of the parent company		390,060,733	424,598,326
Non-controlling interest		(8,563,982)	-
		381,496,751	424,598,326
Other comprehensive (loss) / income			
Other comprehensive (loss) / income that will not be reclassified subsequently to the statement of profit or loss:			
Actuarial remeasurement of employees' end-of-service benefits	15	(1,803,861)	22,650,595
Other comprehensive (loss) / income for the year		(1,803,861)	22,650,595
Total comprehensive income for the year		379,692,890	447,248,921
Total comprehensive income for the year is attributable to:			
Ordinary shareholders of the parent company		387,874,126	447,248,921
Non-controlling interest		(8,181,236)	-
		379,692,890	447,248,921
Basic and diluted earnings per share attributable to ordinary shareholders of the parent company	30	3.25	3.54

The accompanying notes from (1) through (40) form an integral part of these consolidated financial statements.



Chairperson



Group Chief Executive Officer



Group Chief Financial Officer

SAUDI TADAWUL GROUP HOLDING COMPANY (A Saudi Joint Stock Company)

Consolidated Statement of Changes in Equity

For the year ended 31 December 2023

(Saudi Arabian Riyals)

	Equity attributable to the ordinary shareholders of the parent company					Non-controlling interest	Total equity
	Share capital	Statutory reserve	Other reserve	Retained earnings	Sub-total		
Balance as at 1 January 2023	1,200,000,000	360,000,000	-	1,619,689,827	3,179,689,827	-	3,179,689,827
Acquisition of subsidiary (Note 38)	-	-	-	-	-	22,216,614	22,216,614
Net profit for the year	-	-	-	390,060,733	390,060,733	(8,563,982)	381,496,751
Other comprehensive (loss) / income for the year	-	-	-	(2,186,607)	(2,186,607)	382,746	(1,803,861)
Dividends (Note 37)	-	-	-	(277,200,000)	(277,200,000)	-	(277,200,000)
Non-controlling interest put option (Note 16)	-	-	(161,328,401)	-	(161,328,401)	(14,035,378)	(175,363,779)
Transfer of statutory reserve (Note 13)	-	(360,000,000)	-	360,000,000	-	-	-
Balance as at 31 December 2023	1,200,000,000	-	(161,328,401)	2,090,363,953	3,129,035,552	-	3,129,035,552
Balance as at 1 January 2022	1,200,000,000	360,000,000	-	1,532,440,906	3,092,440,906	-	3,092,440,906
Net profit for the year	-	-	-	424,598,326	424,598,326	-	424,598,326
Other comprehensive income for the year	-	-	-	22,650,595	22,650,595	-	22,650,595
Dividends (Note 37)	-	-	-	(360,000,000)	(360,000,000)	-	(360,000,000)
Balance as at 31 December 2022	1,200,000,000	360,000,000	-	1,619,689,827	3,179,689,827	-	3,179,689,827

The accompanying notes from (1) through (40) form an integral part of these consolidated financial statements.



Chairperson



Group Chief Executive Officer



Group Chief Financial Officer

SAUDI TADAWUL GROUP HOLDING COMPANY (A Saudi Joint Stock Company)

Consolidated Statement of Cash Flows

As at 31 December 2023

(Saudi Arabian Riyals)

	Notes	For the year ended 31 December	
		2023	2022
Cash flows from operating activities			
Profit before zakat for the year		436,996,562	492,288,738
Adjustments to reconcile profit before zakat for the year to net cash generated from operating activities:			
Depreciation and amortization	25,26	74,793,037	63,179,908
(Reversal) / allowance for expected credit losses	27	(390,305)	268,425
Provision for employees' end-of-service benefits	15	14,164,932	12,305,828
Realised gain on sale of investments, net	28	(4,518,981)	(17,707,501)
Unrealised gain on investments, net	28	(4,632,741)	(8,722,423)
Dividend income	28	(810,036)	(5,513,917)
Commission income	24,28	(186,940,507)	(42,780,411)
Share of results of associates and reversal of impairment	6	17,157,777	9,918,562
Finance costs		170,930	130,602
Changes in operating assets and liabilities:			
Accounts receivable		(10,970,986)	(4,115,863)
Advances prepayments and other assets		(4,693,942)	(8,045,825)
Accounts payable		14,032,540	5,682,110
Balance due to Capital Market Authority (CMA)		35,762,639	(2,905,513)
Deferred revenue		(890,391)	13,507,459
Accrued expenses and other current liabilities		26,077,548	28,686,901
Commission income received from SAMA bills and deposits		69,868,163	18,766,277
Clearing participant financial assets		533,761,387	(4,042,664,637)
Clearing participant financial liabilities		(542,176,587)	4,032,223,279
Net cash generated from operations		466,761,041	544,501,999
Employees' end-of-service benefits paid	15	(4,867,289)	(6,970,326)
Zakat paid	23	(67,139,038)	(67,132,242)
Net cash flows from operating activities		394,754,714	470,399,431
Cash flows from investing activities			
Purchase of investments		(559,598,439)	(901,297,885)
Proceeds from disposal of investments		583,381,005	2,943,673,156
Commission income received on investment at amortised cost		12,083,010	3,142,172
Dividend income received		193,153	1,446,909
Commission received on time deposits		105,010,344	21,674,617
Purchase of intangible assets and property and equipment		(141,070,815)	(99,094,375)
Investment in associate		-	(35,000,000)
Purchase consideration for acquisition of subsidiary net of cash acquired	38	(107,638,674)	-
Net cash flows (used in) / from investing activities		(107,640,416)	1,934,544,594
Cash flows from financing activities			
Finance cost paid on lease liabilities and borrowings	14	(33,832)	(130,602)
Principal repayment of lease liabilities	14	(68,800,797)	(12,184,785)
Repayment of borrowings		(9,291,691)	-
Dividends paid	37	(277,200,000)	(360,000,000)
Net cash flows used in financing activities		(355,326,320)	(372,315,387)
Net (decrease) / increase in cash and cash equivalents		(68,212,022)	2,032,628,638
Cash and cash equivalents at beginning of the year		2,118,826,096	86,197,458
Cash and cash equivalents at end of the year	12	2,050,614,074	2,118,826,096
Non-cash transactions:			
Additions of right-of-use assets and lease liabilities		260,457,743	11,201,873
Remeasurement of employees' end-of-service benefits		1,803,859	1,803,859
Purchase consideration for acquisition of subsidiary net of cash acquired		4,337,000	-
Depreciation of right of use assets capitalized		35,842,464	-
Finance cost on lease liabilities capitalized		9,320,191	-

The accompanying notes from (1) through (40) form an integral part of these consolidated financial statements.



Chairperson



Group Chief Executive Officer



Group Chief Financial Officer

SAUDI TADAWUL GROUP HOLDING COMPANY (A Saudi Joint Stock Company)

Notes to the Consolidated Financial Statements

For the year ended 31 December 2023

(Saudi Arabian Riyals)

1. GENERAL

Saudi Tadawul Group Holding Company (formerly "Saudi Stock Exchange Company") (the "Company", "Parent") is a Saudi joint stock company registered in the Kingdom of Saudi Arabia under Commercial Registration number 1010241733 dated 2/12/1428 H (corresponding to 12 December 2007). The Company was established by the Royal Decree no. M/15 dated 01/03/1428 H (corresponding to 20 March 2007) and the Ministry of Commerce resolution no. 320/k dated 1/12/1428 H (corresponding to 11 December 2007).

The Company was wholly owned by the Government of the Kingdom of Saudi Arabia (the "Government") as ultimate controlling party through the Public Investment Fund ("PIF"). On 8 December, 2021, the Company completed its Initial Public Offering ("IPO") and its ordinary shares were listed on the Saudi Stock Exchange. In connection with the IPO, the Government through PIF sold 30% of their stake representing 36 million ordinary shares. On 13 November 2022, PIF sold an additional 10% of their stake representing 12 million ordinary shares. Accordingly, PIF now holds 60% (31 December 2022: 60%) of the share capital. As at 31 December 2023, the authorized, issued and fully paid-up share capital of the Company is SAR 1,200 million (31 December 2022: SAR 1,200 million) divided into 120 million shares (31 December 2022: 120 million shares) of SAR 10 each.

The Company's main activities are managing and supporting subsidiaries or participating in the management of other companies in which it owns shares, investing its

funds in shares and other securities, owning real estate and other properties in connection with its businesses, granting loans, guarantees and financing to its subsidiaries, and owning and leasing industrial property rights to its subsidiaries or other companies.

On 7 May 2023, 51% shareholding in Direct Financial Network Company (DFN) was acquired by the Group through one of its subsidiary (Wamid) refer note 1.1, 38 for details.

The Group's main activities through dedicated subsidiaries and associates (given in note 1.1 and 1.2) is to provide a listing service, create and manage the mechanisms of trading of securities, providing depository and registration services for securities ownership, clearing of securities trades, dissemination of securities information, develop financial technology and engage in any related other activity to achieve the objectives as defined in the Capital Market Law.

These consolidated financial statements comprise the financial statements of the Company and its subsidiaries (collectively referred to as "the Group").

The Company's registered office address is as follows:

6897 King Fahd Road - Al Olaya
Unit Number: 15
Riyadh 12211-3388
Kingdom of Saudi Arabia

SAUDI TADAWUL GROUP HOLDING COMPANY (A Saudi Joint Stock Company)

Notes to the Consolidated Financial Statements

For the year ended 31 December 2023

(Saudi Arabian Riyals)

1.1 Details of the Company's subsidiaries:

Name of subsidiaries	Country of incorporation and legal status	Commercial registration dated	Business activity	Effective ownership		Paid up share capital
				December 2023	December 2022	
Securities Depository Center Company ("Edaa")	Kingdom of Saudi Arabia, Closed Saudi Joint Stock Company	27/11/1437 H (corresponding to 30 August 2016 G)	Depository and registration of securities	100%	100%	400,000,000
Securities Clearing Center Company ("Muqassa")	Kingdom of Saudi Arabia, Closed Saudi Joint Stock Company	02/06/1439 H (corresponding to 18 February 2018 G)	Clearing services of securities	100%	100%	600,000,000
Saudi Exchange Company ("Exchange")	Kingdom of Saudi Arabia, Closed Saudi Joint Stock Company	17/08/1442 H (corresponding to 31 March 2021 G)	Listing and trading of securities, market information dissemination	100%	100%	600,000,000
Tadawul Advance Solution Company ("Wamid")	Kingdom of Saudi Arabia, Closed Saudi Joint Stock Company	11/02/1442 H (corresponding to 28 September 2020 G)	Financial technology solutions, innovative capital market solutions for stakeholders	100%	100%	75,000,000
Direct Financial Network Company (DFN) (Refer Note 3.11 and 38)	Kingdom of Saudi Arabia, Saudi Limited Liability Company	16/09/1426 H (corresponding to 19 October 2005)	Develops financial technology and financial content for stakeholders	51%	-	500,000

DFN has following subsidiaries that are involved in developing financial technology and financial content for stakeholders:

Name of subsidiaries	Country of incorporation	DFN's effective ownership
Direct Financial Network ME Dubai Multi Commodities Center	United Arab Emirates	100%
Direct Financial Network – Sri Lanka	Sri Lanka	99%
Direct Financial Network – Pakistan	Pakistan	99%

SAUDI TADAWUL GROUP HOLDING COMPANY (A Saudi Joint Stock Company)

Notes to the Consolidated Financial Statements

For the year ended 31 December 2023

(Saudi Arabian Riyals)

1.2 Details of the Company's associates:

Name of associates	Country of incorporation and legal status	Commercial registration dated	Business activities	Ownership, direct and effective		Paid up share capital
				December 2023	December 2022	
Tadawul Real Estate Company ("TREC")	Kingdom of Saudi Arabia, Limited Liability Company	22/02/1433 H (corresponding to 17 January 2012 G)	Buying, selling, renting, managing and operating real estate facilities	33.12%	33.12%	1,280,000,000
Regional Voluntary Carbon Market Company ("RVCMC")	Kingdom of Saudi Arabia, Limited Liability Company	28/03/1444 H (corresponding to 24 October 2022 G)	Active market and Auction for Carbon Credits	20%	20%	175,000,000

2. BASIS OF PREPARATION

2.1 Statement of compliance

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

2.2 Basis of measurement

These consolidated financial statements have been prepared on historical cost basis, except for financial assets measured at fair value through profit or loss which are measured at fair value and employees' end-of-service benefits which are measured at the present value of future obligations using projected unit credit method.

2.3 Functional and presentation currency

These consolidated financial statements are presented in Saudi Arabian Riyals ("SAR"), which is the functional and presentational currency of the Group and its subsidiaries and associates. All amounts have been rounded to the nearest SAR.

2.4 Basis of consolidation

These consolidated financial statements comprise the financial statements of Saudi Tadawul Group Holding

Company and its subsidiaries (collectively referred to as "the Group"). Control is achieved when the Group is exposed to or has rights to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee. Specifically, the Group controls an investee if and only if the Group has:

- power over the investee (i.e. existing rights that give it the current ability to direct the relevant activities of the investee);
- exposure, or rights, to variable returns from its involvement with the investee; and
- the ability to use its power over the investee to affect its returns.

Generally, there is a presumption that a majority of voting rights result in control. To support this presumption and when the Group has less than a majority of the voting or similar rights of an investee, the Group considers all relevant facts and circumstances in assessing whether it has power over an investee, including:

- the contractual arrangement with the other vote holders of the investee;
- rights arising from other contractual arrangements; and
- the Group's voting rights and potential voting rights.

SAUDI TADAWUL GROUP HOLDING COMPANY (A Saudi Joint Stock Company)

Notes to the Consolidated Financial Statements

For the year ended 31 December 2023

(Saudi Arabian Riyals)

The Group re-assesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control. Consolidation of a subsidiary begins when the Group obtains control over the subsidiary and ceases when the Group loses control of the subsidiary. Assets, liabilities, income and expenses of a subsidiary acquired or disposed of during the year are included in the consolidated financial statements from the date the Group obtains control until the date the Group ceases to control the subsidiary.

Profit or loss and each component of other comprehensive income (OCI) are attributed to the equity holders of the parent of the Group and to the non-controlling interests, even if this results in the non-controlling interests having a deficit balance. When necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies into line with the Group's accounting policies. All intra-group assets and liabilities, equity, income, expenses and cash flows relating to transactions between members of the Group are eliminated in full on consolidation.

A change in the ownership interest of a subsidiary, without a loss of control, is accounted for as an equity transaction. If the Group loses control over a subsidiary, it derecognises the related assets (including goodwill), liabilities, non-controlling interest and other components of equity while any resultant gain or loss is recognised in the consolidated statement of income. Any investment retained is recognised at fair value.

2.5 Current versus non-current classification

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

- expected to be realised or Intended to be sold or consumed in the normal operating;
- held primarily for the purpose of trading;
- expected to be realised within twelve months after the reporting period; or
- cash or cash equivalent, unless restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period

All other assets are classified as non-current.

A liability is current when:

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

The Group classifies all other liabilities as non-current.

2.6 New standards and amendments issued

Standards and amendments adopted as of 1 January 2023

The accounting policies adopted in the preparation of the consolidated financial statements are consistent with those followed in the preparation of the Group's annual consolidated financial statements for the year ended 31 December 2022, and the adoption of new standards effective as of 1 January 2023. The Group has not early adopted any standard, interpretation or amendment that has been issued but is not yet effective. The International Accounting Standard Board (IASB) has issued following accounting standards, amendments, which were effective from periods on or after January 1, 2023. The management has assessed that the amendments have no significant impact on the Group's consolidated financial statements.

IFRS 17, 'Insurance contracts' This standard replaces IFRS 4, which permits a wide variety of practices in accounting for insurance contracts.

Narrow scope amendments to IAS 1, Practice statement 2 and IAS 8. The amendments aim to improve accounting policy disclosures and to help users of the financial statements to distinguish between changes in accounting estimates and changes in accounting policies.

Amendment to IAS 12 – deferred tax related to assets and liabilities arising from a single transaction - requires companies to recognise deferred tax on transactions that, on initial recognition, give rise to equal amounts of taxable and deductible temporary differences.

SAUDI TADAWUL GROUP HOLDING COMPANY (A Saudi Joint Stock Company)

Notes to the Consolidated Financial Statements

For the year ended 31 December 2023

(Saudi Arabian Riyals)

Amendment to IAS 12 - International tax reform - pillar two model rules - These amendments give companies temporary relief from accounting for deferred taxes arising from the Organization for Economic Co-operation and Development's (OECD) international tax reform. The amendments also introduce targeted disclosure requirements for affected companies.

Standards and amendments issued and not yet effective

The new and amended standards and interpretations that are issued, but not yet effective, up to the date of issuance of the Group's consolidated financial statements are disclosed below. The Group intends to adopt these new and amended standards and interpretations, if applicable, when they become effective.

Effective for annual financial periods beginning on or after	Standard, amendment or interpretation	Summary of requirements
1 January 2024	Amendments to IAS 1, 'Presentation of financial statements', on classification of liabilities	These narrow-scope amendments to IAS 1, 'Presentation of financial statements', clarify that liabilities are classified as either current or noncurrent, depending on the rights that exist at the end of the reporting period and non-current liabilities with covenants.
1 January 2024	Amendments to IFRS 16 - Lease Liability in a Sale and Leaseback	The amendments require seller-lessee to subsequently measure lease liabilities arising from a leaseback in a way that it does not recognise any amount of the gain or loss that relates to the right of use it retains.
1 January 2024	Amendments to IAS 7 and IFRS 7 - Supplier finance arrangement	Disclosures enhancement for supplier finance arrangements on the entity's liabilities.
1 January 2024	IFRS S1 and S2 - General requirements for disclosure of sustainability-related financial information	This standard includes the core framework for the disclosure of material information about sustainability-related risks and opportunities across an entity's value chain.
1 January 2025	Amendments to IAS 21 - Lack of exchangeability	The amendment to IAS 21 specifies how an entity should assess whether a currency is exchangeable and how it should determine a spot exchange rate when exchangeability is lacking.
Effective date deferred indefinitely	Amendments to IFRS 10 and IAS 28 - Sale or Contribution of Assets between an Investor and its Associate or Joint Venture	Sale or contribution of Assets between an Investor and its Associate or Joint Ventures

SAUDI TADAWUL GROUP HOLDING COMPANY (A Saudi Joint Stock Company)

Notes to the Consolidated Financial Statements

For the year ended 31 December 2023

(Saudi Arabian Riyals)

2.7 Critical accounting estimates and judgments

The preparation of these consolidated financial statements in conformity with the International Financial Reporting Standards ("IFRS") as endorsed in the Kingdom of Saudi Arabia requires management to make judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, profit and expenses. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimates are revised and in any future periods affected.

Information about material assumptions and estimation uncertainties are included in:

- Impairment of investment in associates: As referred to in note 3.3 of these consolidated financial statements, the Group estimates the recoverable amount of its investment for the assessment of impairment. To compute the recoverable amount of investment in associates, the Group applies its judgement in determining the recoverable amount. Based on the evaluation, the Group has concluded that there are no impairment indicators as at year end.
- Valuation of the employees' end-of-service benefits: The costs of defined benefit plans are determined using actuarial valuations. The actuarial valuation involves making assumptions, which are reviewed annually. Key assumptions include discount rates, future salary increases, employee turnover and mortality rates. Due to the complexity of the valuation, the underlying assumptions and the long-term nature of these plans, such estimates are subject to significant uncertainty. Information about amounts reported in respect of defined benefit plans, assumptions applicable to the plans and their sensitivity to changes are presented in note 15.
- Allowance for expected credit losses: Allowance of expected credit losses are probability-weighted estimate of credit losses. Loss rates are calculated using "roll rate" method based on the probability of a trade debt progressive through successive stages of delinquency to calculate the weighted average loss rate. The assessment of the correlation between historical observed default

rates, forecast economic conditions and ECLs is a significant estimate. (Note 3.6)

- Useful life of intangible assets: The Group's management determines the estimated useful lives of its intangible assets for calculating amortisation. This estimate is determined after considering the expected future cash generation from the software. The Group management reviews the residual values and useful lives annually and future amortisation charges would be adjusted where management believes the useful lives differ from previous estimates.
- Impairment of intangible assets: The Group assesses at each reporting date whether there is any indication that an asset may be impaired. If any such indication exists, or when annual impairment testing for an asset is required, the Group makes an estimate of the asset's or cash generating unit's (CGU) recoverable amount. An asset's or CGU's recoverable amount is higher of an asset's or cash-generating unit's fair value less costs to sell and its value in use and is determined for an individual asset or CGU, unless the asset or CGU does not generate cash inflows that are largely independent of those from other assets or group of assets. Where the carrying amount of an asset or CGU exceeds its recoverable amount, the asset or CGU is considered impaired and is written down to its recoverable amount. In assessing value in use, the estimated future cash flows are discounted to their present value using a discount rate that reflects the current market assessment of the time value of money and the risks specific to the assets or CGU. The management does not believe there is any impairment in the value of intangible assets at year-end
- Capitalisation of software development costs: The Group capitalizes cost for software development projects. Initial capitalization of costs is based on management's judgement that technological and economic feasibility is confirmed, usually when a software development project has reached a defined milestone according to an established project management model. In determining the amounts to be capitalised, management makes assumptions regarding element of directly attributable costs, expected future cash generation of the project and the expected period of benefits
- Revenue recognition on time or over period of time refer note 3.16

SAUDI TADAWUL GROUP HOLDING COMPANY (A Saudi Joint Stock Company)

Notes to the Consolidated Financial Statements

For the year ended 31 December 2023

(Saudi Arabian Riyals)

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

3. MATERIAL ACCOUNTING POLICIES

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

3.1 Property and equipment

Property and equipment except land are measured at cost less accumulated depreciation and accumulated impairment losses, if any. Land is measured at its cost. The cost include expenditure directly attributable to the acquisition of the asset including the cost of purchase and any other costs directly attributable to bringing the assets to a working condition for their intended use. Subsequent expenditure is capitalized only when it increases the future economic benefits embodied in the specific asset to which it relates. When parts of an item of property and equipment have different useful lives, they are accounted for as separate items (major components) of property and equipment.

The cost of replacing part of an item of operating fixed assets is recognized in the carrying amount of the item if it is probable the future economic benefits embodied within the part will flow to the Group and its cost can be measured reliably. The carrying amount of the replaced part is derecognized. The cost of the day-to-day servicing of operating fixed assets are recognized in the profit or loss as incurred. An item of property and equipment is derecognized upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss arising on derecognition of the assets (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in profit or loss in the year the asset is derecognized.

Depreciation

Depreciation is calculated over depreciable amount, which is the cost of an asset, or other amount substituted 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 component of an item of property and equipment except for the land and capital work-in-progress. Depreciation of an asset begins when it is available for use. The estimated useful lives for current and comparative periods of different items of property and equipment are as follows:

	Estimated useful lives (years)
Building	10-30
Furniture and fixtures	5-10
Computers	3-5
Office equipment	2-6
Vehicles	4-5

Depreciation methods, useful lives, impairment indicators and residual values are reviewed at each annual reporting date and adjusted, if appropriate.

3.2 Intangible assets and goodwill

Purchased intangible assets are initially recognised at cost. The cost of intangible assets acquired in a business combination is their fair value at the date of acquisition.

Following initial recognition, intangible assets are carried at cost less any accumulated amortisation and accumulated impairment losses. These assets are amortised on a straight-line basis over their useful economic lives of 4 to 20 years.

SAUDI TADAWUL GROUP HOLDING COMPANY (A Saudi Joint Stock Company)

Notes to the Consolidated Financial Statements

For the year ended 31 December 2023

(Saudi Arabian Riyals)

Work-in-progress is stated at cost until the development of software is complete and installed. The software is developed by third parties to the Group's specification. Upon the completion and installation, the cost together with cost directly attributable to development and installation are capitalized to the intangibles. No amortization is charged on work-in-progress.

Internally generated intangibles are composed of expenditure incurred on internal product development which is capitalised if the costs can be reliably measured; the product or process is technically and commercially feasible; future economic benefits are probable; and the Group has sufficient resources to complete the development and to use or sell the asset. The assets are initially recorded at cost, which includes labour and, directly attributable costs. These intangible assets when under work-in-progress are stated at cost and not amortised until they are ready for their intended use. Once available for the intended use, they are then amortised over their useful economic lives of 7 to 20 years.

An intangible asset is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss arising upon derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in the statement of profit or loss.

Goodwill is initially measured at cost, being the excess of the aggregate of the consideration transferred and the amount recognised for non-controlling interests over the net identifiable assets acquired and liabilities assumed. If the fair value of the net assets acquired is in excess of the aggregate consideration transferred, the Group re-assesses whether it has correctly identified all of the assets acquired and all of the liabilities assumed. If the reassessment still results in excess, the gain is recognised in the consolidated statement of profit or loss and other comprehensive income.

After initial recognition, goodwill is measured at cost less any accumulated impairment losses, if applicable. For the purpose of impairment testing, goodwill acquired in a business combination is, from acquisition date, allocated to each of the Group's cash generating units (CGU) that are expected to have benefit from the combination, irrespective

of whether other assets or liabilities of the acquiree are assigned to those units. Where goodwill has been allocated to a CGU and part of the operation within that unit is disposed off, the goodwill associated with the disposed operation is included in the carrying amount of the operation when determining the gain or loss on disposal. Goodwill disposed in these circumstances is measured based on the relative values of the disposed operation and portion of CGU retained.

3.3 Impairment of non-financial assets

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

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 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. For the purpose of impairment testing, assets that cannot be tested individually are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or groups of assets (the "cash-generating unit", or "CGU").

The Group's corporate assets do not generate separate cash inflows. Therefore, a corporate asset is not tested for impairment as an individual asset on a stand-alone basis, unless management has decided to dispose of the asset. If there is an indication that a corporate asset may be impaired, then the recoverable amount is determined for the CGU to which the corporate asset belongs. A portion of a corporate asset is allocated to a CGU when the allocation can be done on a reasonable and consistent basis.

When a portion of a corporate asset cannot be allocated to a CGU on a reasonable and consistent basis, two levels of impairment tests are carried out.

SAUDI TADAWUL GROUP HOLDING COMPANY (A Saudi Joint Stock Company)

Notes to the Consolidated Financial Statements

For the year ended 31 December 2023

(Saudi Arabian Riyals)

- The first test is performed at the individual CGU level without the corporate asset (bottom-up test), and any impairment loss is recognized.
- The second test is applied to the minimum collection of CGUs to which the corporate asset can be allocated reasonably and consistently (top-down test).

An impairment loss is recognized if the carrying amount of an asset or its CGU exceeds its estimated recoverable amount. Impairment losses are recognized in profit or loss. Impairment losses recognized in prior periods are assessed at each reporting date for any indications that the loss has decreased or no longer exists. An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortization, if no impairment loss had been recognized.

3.4 Investments in investment in associates

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

Investments in associates are accounted for using the equity method and are recognized initially at cost. The consolidated financial statements include the Group's share of the profit or loss and equity movements of associates, after adjustments to align the accounting policies with those of the Group, from the date that significant influence commences until the date that significant influence ceases.

When the Group's share of losses exceeds its interest in an associate, the carrying amount of that interest, including any long-term investments, is reduced to nil, and the recognition of further losses is discontinued except to the extent that the Group has a corresponding obligation.

After application of the equity method, the Group determines whether it is necessary to recognize an impairment loss on its investment in its associate. At each reporting date, the Group determines whether there is any objective evidence that the investment in the associate is impaired. If there is such

evidence, the Group calculates the amount of impairment as the difference between the recoverable amount of the associate and its carrying value and recognizes the loss in the profit and loss.

Unrealised gains arising from transactions associates 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.

3.5 Right-of-use assets and lease liabilities

At inception of a contract, the Group assesses whether a contract is, or contains, a lease. A contract is, or contains, a lease if the contract conveys the right to control the use of identified asset for a period of time in exchange for consideration.

As a lessee:

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

The right-of-use asset is subsequently depreciated using the straight-line method from the commencement date to the end of the lease term, unless the lease transfers ownership of the underlying asset to the Group by the end of the lease term or the cost of the right-of-use asset reflects that the Group will exercise a purchase option. In that case the right-of-use asset will be depreciated over the useful life the underlying asset, which is determined on the same basis as those of property and equipment. In addition, the right-of-use asset is periodically reduced by impairment losses, if any, and adjusted for certain re-measurements of the lease liability.

SAUDI TADAWUL GROUP HOLDING COMPANY (A Saudi Joint Stock Company)

Notes to the Consolidated Financial Statements

For the year ended 31 December 2023

(Saudi Arabian Riyals)

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

Lease liabilities include the net present value of the following lease payments:

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

Short-term leases and leases of low-value assets

Payments associated with short-term leases and leases of low-value assets are recognised 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. Low-value assets comprise small items relating to office equipment.

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

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

3.6 Financial instruments

i. Recognition and initial measurement:

Account receivables are initially recognized when they are originated. All other financial assets and financial liabilities are initially recognized when the Group becomes a party to the contractual provisions of the instrument.

A financial asset (unless it is an account receivable without a significant financing component) or financial liability is initially measured at fair value plus or minus, for an item not at fair value through profit or loss, transaction costs that are directly attributable to its acquisition or issue. An account receivable without a significant financing component is initially measured at the transaction price.

ii. Classification and subsequent measurement of financial assets:

The classification and measurement of financial assets is set out below:

- amortised cost;
- fair value through other comprehensive income (FVOCI) – debt investment;
- fair value through other comprehensive income (FVOCI) – equity investment; or
- fair value through profit or loss (FVTPL)

The classification of financial assets under IFRS 9 is generally based on the business model in which a financial asset is managed and its contractual cash flow characteristics.

Financial assets at amortized cost

A financial asset is measured at amortised cost if it meets both of the following conditions and is not designated as at FVTPL:

- it is held within a business model whose objective is to hold assets to collect contractual cash flows; and
- its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

SAUDI TADAWUL GROUP HOLDING COMPANY (A Saudi Joint Stock Company)

Notes to the Consolidated Financial Statements

For the year ended 31 December 2023

(Saudi Arabian Riyals)

Investments in debt securities which meet the above conditions, cash and cash equivalents, accounts receivable and other receivables are carried at amortized cost.

Financial assets at FVOCI

A debt investment is measured at FVOCI if it meets both of the following conditions and is not designated as at FVTPL:

- it is held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets; and
- its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

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

Financial assets at FVTPL

All financial assets not classified as measured at amortised cost or FVOCI as described above are measured at FVTPL. This includes all derivative financial assets. On initial recognition, the Group may irrevocably designate a financial asset that otherwise meets the requirements to be measured at amortised cost or at FVOCI as at FVTPL if doing so eliminates or significantly reduces an accounting mismatch that would otherwise arise.

Investments in units of mutual funds are carried at FVTPL.

Financial assets – Business model assessment

The Group makes an assessment of the objective of the business model in which a financial asset is held at a portfolio level because this best reflects the way the business is managed and information is provided to management. The information considered includes:

- the stated policies and objectives for the portfolio and the operation of those policies in practice. These include whether management's strategy focuses on earning contractual interest income, maintaining a particular interest rate profile, matching the duration of the financial assets to the duration of any related

liabilities or expected cash outflows or realising cash flows through the sale of the assets;

- how the performance of the portfolio is evaluated and reported to the Group's management;
- the risks that affect the performance of the business model (and the financial assets held within that business model) and how those risks are managed;
- how managers of the business are compensated – e.g. whether compensation is based on the fair value of the assets managed or the contractual cash flows collected; and
- the frequency, volume and timing of sales of financial assets in prior periods, the reasons for such sales and expectations about future sales activity.

Transfers of financial assets to third parties in transactions that do not qualify for derecognition are not considered sales for this purpose, consistent with the Group's continuing recognition of the assets.

Financial assets that are held for trading or are managed and whose performance is evaluated on a fair value basis are measured at FVTPL.

Financial assets – Assessment whether contractual cash flows are solely payments of principal and interest

For the purposes of this assessment, 'principal' is defined as the fair value of the financial asset on initial recognition. 'Interest' is defined as consideration for the time value of money and for the credit risk associated with the principal amount outstanding during a particular period of time and for other basic lending risks and costs (e.g. liquidity risk and administrative costs), as well as a profit margin.

In assessing whether the contractual cash flows are solely payments of principal and interest, the Group considers the contractual terms of the instrument. This includes assessing whether the financial asset contains a contractual term that could change the timing or amount of contractual cash flows such that it would not meet this condition. In making this assessment, the Group considers:

SAUDI TADAWUL GROUP HOLDING COMPANY (A Saudi Joint Stock Company)

Notes to the Consolidated Financial Statements

For the year ended 31 December 2023

(Saudi Arabian Riyals)

- contingent events that would change the amount or timing of cash flows;
- terms that may adjust the contractual coupon rate, including variable-rate features;
- prepayment and extension features; and
- terms that limit the Group's claim to cash flows from specified assets (e.g. non-recourse features).

A prepayment feature is consistent with the solely payments of principal and interest criterion if the prepayment amount substantially represents unpaid amounts of principal and interest on the principal amount outstanding, which may

include reasonable compensation for early termination of the contract. Additionally, for a financial asset acquired at a discount or premium to its contractual par amount, a feature that permits or requires prepayment at an amount that substantially represents the contractual par amount plus accrued (but unpaid) contractual interest (which may also include reasonable compensation for early termination) is treated as consistent with this criterion if the fair value of the prepayment feature is insignificant at initial recognition.

The following accounting policies apply to the subsequent measurement of financial assets.

Financial assets at FVTPL	These assets are subsequently measured at fair value. Fair value changes including any interest or dividend, are recognised in profit or loss. Any gain or loss on derecognition is recognised in profit or loss.
Financial assets at amortised cost	These assets are recognized initially at cost and subsequently measured at amortised cost using the effective interest method. The amortised cost is reduced by impairment losses. Interest profit, foreign exchange gains and losses and impairment are recognised in profit or loss. Any gain or loss on derecognition is recognised in profit or loss.
Debt investments at FVOCI	These assets are subsequently measured at fair value. Interest income is calculated using the effective interest method, foreign exchange gains and losses and impairment are recognised in profit or loss. Fair value changes are recognized in OCI. On derecognition, gains and losses accumulated in OCI are reclassified to profit or loss.
Equity investments at FVOCI	These assets are subsequently measured at fair value. Dividends are recognised as income in profit or loss unless the dividend clearly represents a recovery of part of the cost of the investment. Fair value changes are recognised in OCI and are never reclassified to profit or loss.

iii. Classification and measurement of financial liabilities

Financial liabilities are measured at amortized cost using the effective interest method. Interest expense and foreign exchange gains and losses are recognised in profit or loss. Any gain or loss on derecognition is also recognised in profit or loss, unless they are required to be measured at fair value through profit or loss. The Group measure all financial liabilities at amortised cost except employees' end-of-service benefit liability.

iv. Derecognition

Financial assets

A financial asset is derecognized when the contractual rights to the cash flows from the financial asset expire, or it transfers the rights to receive the contractual cash flows in a transaction in which substantially all of the risks and rewards of ownership of the financial asset are transferred or in which the Group neither transfers nor retains substantially all of the risks and rewards of ownership and it does not retain control of the financial asset.

SAUDI TADAWUL GROUP HOLDING COMPANY (A Saudi Joint Stock Company)

Notes to the Consolidated Financial Statements

For the year ended 31 December 2023

(Saudi Arabian Riyals)

On derecognition of a financial asset, the difference between the carrying amount of the asset (or the carrying amount allocated to the portion of the asset derecognized) and the sum of (i) the consideration received (including any new asset obtained less any new liability assumed) and (ii) any cumulative gain or loss that had been recognized in OCI is recognized in profit or loss.

Financial liabilities

A financial liability is derecognized when its contractual obligations are discharged or cancelled or expired.

v. Offsetting

Financial assets and liabilities are offset and reported net in the statement of financial position when there is a currently legally enforceable right to set off the recognised amounts and when the Group intends to settle on a net basis, or to realise the asset and settle the liability simultaneously. Profit and expenses are not being offset in the statement of profit or loss unless required or permitted by any accounting standard or interpretation, and as specifically disclosed in the accounting policies of the Group.

vi. Impairment of financial assets

IFRS 9 uses the 'expected credit loss' (ECL) model to assess the impairment of financial assets. The impairment model applies to financial assets measured at amortised cost, debt instruments measured at FVOCI and contract assets.

The expected credit loss shall be measured and provided either at an amount equal to (a) 12 month expected losses; or (b) lifetime expected losses. If the credit risk of the financial instrument has not increased significantly since inception, then an amount equal to 12 month expected loss is provided. In other cases, lifetime credit losses shall be provided.

The Group recognizes loss allowances for Expected Credit Losses (ECLs) on:

- financial assets measured at amortised cost; and
- contract assets

The Group measures loss allowances at an amount equal to lifetime ECLs, except for the following, which are measured at 12-months ECLs:

- debt instruments that are determined to have low credit risk at the reporting date; and
- other debt instruments and bank balances for which credit risk has not increased significantly since initial recognition.

Loss allowances for accounts receivables and contract assets are always measured at an amount equal to lifetime ECLs.

For trade receivables with a significant financing component, Group has a choice to adopt simplified or general approach to measure ECLs. Accordingly, the Group has adopted simplified approach to measure ECL on trade receivables with significant financing component, whereby an assessment of increase in credit risk need not be performed at each reporting date

When determining whether the credit risk of a financial asset has increased significantly since initial recognition and when estimating ECLs, the group considers reasonable and supportable information that is relevant and available without undue cost or effort. This includes both quantitative and qualitative information and analysis, based on the group's historical experience and informed credit assessment, that includes forward-looking information.

The Group assumes that the credit risk on a financial asset has increased significantly if it is more than 30 days past due.

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

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

Measurement of ECLs

ECLs are probability-weighted estimate of credit losses. Loss rates are calculated using "roll rate" method based on the probability of a trade debt progressive through successive stages of delinquency to calculate the weighted average loss rate. These rates are multiplied by scalar factors to reflect the difference between economic conditions during the period over which the historical data has been collected, current conditions and the Company's view of economic conditions over the expected lives of the receivables. Credit losses for

SAUDI TADAWUL GROUP HOLDING COMPANY (A Saudi Joint Stock Company)

Notes to the Consolidated Financial Statements

For the year ended 31 December 2023

(Saudi Arabian Riyals)

financial assets other than trade receivables which are current in nature are measured as the present value of all cash shortfalls (i.e. the difference between the cash flows due to the entity in accordance with the contract and the cash flows that the Group expects to receive.)

ECLs are discounted at the effective interest rate of the financial asset.

Presentation of allowance for ECL in statement of financial position

Loss allowances for financial assets measured at amortised cost are deducted from the gross carrying amount of the assets. Impairment losses related to accounts receivables and investments at amortized cost are presented in profit or loss.

For debt securities at FVOCI, the loss allowance is charged to profit or loss and is recognised in OCI.

Write-off

The gross carrying amount of a financial asset is written-off when the group has no reasonable expectations of recovering a financial asset in its entirety or a portion thereof. The Group has a policy of writing off the gross carrying amount when:

- the customer has been deemed bankrupt;
- the customer ceased to exist as a legal entity; or
- the group negotiated a partial payment where the rest of the outstanding balance will be written – off

3.7 Fair value measurement

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

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

The principal or the most advantageous market must be accessible by the Group. The fair value of an asset or a liability is measured using assumptions that market

participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest. The fair value of a non-financial asset takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

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

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

- Level 1** - Quoted (unadjusted) market prices in active markets for identical assets or liabilities.
- Level 2** - Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable.
- Level 3** - Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable.

For assets and liabilities that are recognized in the consolidated financial statements on a recurring basis, the Group determines whether transfers have occurred between Levels in the hierarchy by re-assessing categorization (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period.

At each reporting date, management of the Group analyses the movements in the values of assets and liabilities which are required to be re-measured or re-assessed as per the Group's accounting policies. For this analysis, the management verifies the major inputs applied in the latest valuation by agreeing the information in the valuation computation to contracts and other relevant documents.

SAUDI TADAWUL GROUP HOLDING COMPANY (A Saudi Joint Stock Company)

Notes to the Consolidated Financial Statements

For the year ended 31 December 2023

(Saudi Arabian Riyals)

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

When one is available, the Group measures the fair value of an instrument using the quoted price in an active market for that instrument. A market is regarded as 'active' if transactions for the asset or liability take place with sufficient frequency and volume to provide pricing information on an ongoing basis.

If there is no quoted price in an active market, then the Group uses valuation techniques that maximise the use of relevant observable inputs and minimise the use of unobservable inputs. The chosen valuation technique incorporates all of the factors that market participants would take into account in pricing a transaction.

If an asset or a liability measured at fair value has a bid price and an ask price, then the Group measures assets and long positions at a bid price and liabilities and short positions at an ask price. The best evidence of the fair value of a financial instrument on initial recognition is normally the transaction price – i.e. the fair value of the consideration given or received. If the Group determines that the fair value on initial recognition differs from the transaction price and the fair value is evidenced neither by a quoted price in an active market for an identical asset or liability nor based on a valuation technique for which any unobservable inputs are judged to be insignificant in relation to the measurement, then the financial instrument is initially measured at fair value, adjusted to defer the difference between the fair value on initial recognition and the transaction price. Subsequently, that difference is recognised in profit or loss on an appropriate basis over the life of the instrument but no later than when the valuation is wholly supported by observable market data or the transaction is closed out.

3.8 Cash and cash equivalents

Cash and cash equivalents comprise cash on hand, cash at banks in current accounts and other short-term liquid investments with original maturities of three months or less and that are subject to an insignificant risk of changes in value, if any, which are available to the Group without any restrictions.

3.9 Employees' end-of-service benefits

Employees' end-of-service benefits are payable to all employees employed under the terms and conditions of the labor laws applicable to the Group.

The Group's net obligation in respect of employees' end-of-service benefits is calculated by estimating the amount of future benefits that employees have earned in the current and prior periods. That benefit is discounted to determine its present value.

Re-measurements, comprising of actuarial gains and losses, are recognized immediately in the consolidated statement of financial position with a corresponding debit or credit to retained earnings through other comprehensive income, in the period in which they occur. Re-measurements are not reclassified to profit or loss in subsequent periods.

The Group recognises the following changes in the defined benefits obligation under 'operating cost' and 'general and administrative expenses' in the profit and loss account:

- Service costs comprising current service costs, past-service costs, gains and losses on curtailments and non-routine settlements; and
- Interest expense.

The calculation of defined benefits obligation is performed annually by a qualified actuary using the projected unit credit method.

3.10 Non-controlling interest put option

Written put options on non-controlling interest where the Group does not have an unconditional right to avoid the delivery of cash, are recognised as financial liabilities at the present value of the exercise price. Under this method, based on the terms of the agreement and Group's assessment on case to case basis, non-controlling interest is recognised however while the put option remains unexercised, at the end of each reporting period, the Group:

SAUDI TADAWUL GROUP HOLDING COMPANY (A Saudi Joint Stock Company)

Notes to the Consolidated Financial Statements

For the year ended 31 December 2023

(Saudi Arabian Riyals)

- determines the amount that would have been recognised for the non-controlling interest, including an update to reflect allocations of profit or loss
- de-recognises the non-controlling interest as if it was acquired at that date
- the difference between the fair value of the non-current liability resulting from the put option and the non-controlling interests is recognized in other reserve in equity

3.11 Business combination

Business combinations are accounted for applying the acquisition method. The cost of an acquisition is measured as the aggregate of the consideration transferred which is measured at fair value on the acquisition date and the amount of any non-controlling interests in the acquiree. For each business combination, the Group elects whether to measure the non-controlling interests in the acquiree at fair value or at proportionate share of the acquiree's identifiable net assets. Acquisition-related costs are expensed in the condensed consolidated interim statement of profit or loss and other comprehensive income when incurred.

When the Group acquires a business, it assesses the financial assets acquired and financial liabilities assumed for appropriate classification and designation in accordance with the contractual terms, economic circumstances and pertinent conditions as at the acquisition date.

3.12 Borrowings

Borrowings are initially recognised at fair value, net of transaction costs incurred. Borrowings are subsequently measured at amortised cost. Any difference between the proceeds (net of transaction costs) and the redemption amount is recognised in consolidated statement of profit or loss and other comprehensive income over the period of the borrowings using the effective interest method. Borrowings are removed from the consolidated statement of financial position when the obligation specified in the contract is discharged, cancelled or expired. The borrowings are classified as a current liability when the remaining maturity is less than twelve months.

Borrowing costs directly attributable to the acquisition, development of qualifying assets, which are assets that necessarily take a substantial period of time, that is more than one year, to get ready for their intended use, are added to the cost of those assets, until such time as the assets are substantially ready for their intended use. No borrowing costs are capitalised during idle periods. Investment income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs eligible for capitalisation. All other borrowing costs are recognised in separate Statement of Income in the period in which they are incurred.

3.13 Zakat

The Group is subject to Zakat in accordance with the Zakat regulation issued by the General Authority for Zakat and Tax ("ZATCA") in the Kingdom of Saudi Arabia. Zakat is recognized in the consolidated statement of profit or loss. Zakat is levied at a fixed rate of 2.5% of the zakat base as defined in the Zakat regulations. DFN in which the Group's shareholding is 51% submits its individual Zakat return and income tax returns. Provision for Zakat and income tax for DFN is recognised in the consolidated statement of profit or loss and other comprehensive income.

Additional zakat calculated by ZATCA, if any, related to prior years is recognized in the year in which final declaration is issued.

3.14 Provisions

A provision is recognised if, as a result of a past event, the Group has a present legal or constructive obligation that can be estimated reliably, and it is probable that an outflow of economic benefits will be required to settle the obligation. Provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability. The unwinding of the discount is recognised as finance cost in profit or loss.

SAUDI TADAWUL GROUP HOLDING COMPANY (A Saudi Joint Stock Company)

Notes to the Consolidated Financial Statements

For the year ended 31 December 2023

(Saudi Arabian Riyals)

3.15 Contingent liabilities

All possible obligations arising from past events whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Group; or all present obligations arising from past events but not recognized because: (i) it is not probable that an outflow of resources embodying economic benefits will be required to settle the obligation, or (ii) the amount of the obligation cannot be measured with sufficient reliability. All are assessed at reporting date and

disclosed in the Group's consolidated financial statements under contingent liabilities.

3.16 Revenue recognition

The main source of the Group's revenue is through fees for services provided. Revenue is measured based on the consideration specified in a contract with a customer.

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

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

The revenue recognition policies for revenue streams under each operating segment are set out below:

A. Capital Markets

Revenues in the Capital Markets segment are generated from Primary and Secondary market services.

A.1 Primary market initial listing and the ongoing listing services represent a performance obligation from initial listing and additional issuances at over period of time. The Group recognizes the revenue at the time of admission and additional issuance. All initial listing fees are billed to the listed company at the time of admission and become payable when invoiced.

A.2 Primary market annual listing fees, secondary markets membership and subscription fees are collected semi-annually and are recorded as contract liabilities (deferred revenue) and subsequently recognized in profit or loss on a straight line basis over the period of twelve months to which the fee relates, as it reflects the extent of the Group's progress

towards completion of the performance obligation under the contract.

A.3 Secondary market trading and associated capital market services are recognised as revenue on a per transaction basis at the point the service is provided.

A.4 Derivative market trading and associated capital market services are recognised as revenue on a per transaction basis at the point the service is provided.

B. Post Trade

Revenues in the post trade segment are generated from clearing, settlement, custody and other post trade services.

B.1 Clearing, settlement and custody services generate fees from trades or contracts cleared and settled and custody services which are recognised as revenue at a point in time when the Group meets its obligations to complete the transaction or service. In cases where the Group's performance obligations related to custody services are

SAUDI TADAWUL GROUP HOLDING COMPANY (A Saudi Joint Stock Company)

Notes to the Consolidated Financial Statements

For the year ended 31 December 2023

(Saudi Arabian Riyals)

completed over time, revenue is recognised on a straight-line basis, representing the continuous delivery of services over the period. In cases where there is a fixed annual fee for a service, the revenue is recognised overtime and billed on annual basis.

B.2 Other post trade services include revenue from registry services which is collected annually at the start of the year and is recorded as contract liabilities (deferred revenue) and is subsequently recognized in profit or loss on a straight line basis over the period to which the fee relates, as it reflects the extent of the Group's progress towards completion of the performance obligation under the contract.

C. Data and technology services

The Data and technology services segment generates revenues from the provision of information and data products including, benchmarks and customized indices, real-time market data, reference data and analytics services.

C.1 Data subscription and index license fees are recognised over the license or usage period as the Group meets its obligation to deliver data consistently throughout the license period. Services are billed on a monthly or annual basis.

C.2 Co-location services offer trading participants the opportunity to co-locate their services and rent server space within the Company's data center to ensure the lowest latency route possible to Saudi Tadawul Group's trading services and products. This revenue is recognised over time, consistent with the pattern of the service provision and how the performance obligation is satisfied throughout the contract period.

C.3 Software licensing and support services include licenses to financial services applications and regulatory market data. Revenue from licensing and support services that grant the right to access intellectual property are recognised over time, consistent with the pattern of the service provision and how the performance obligation is satisfied throughout the license period.

Deferred revenue is recognised if a payment is received or a payment is due (whichever is earlier) from a customer before the Group provide the services to customers and are recognised as revenue when the Group completes its performance obligation under the contract. Accrued revenue asset is initially recognised for revenue earned from services provided, however, invoice is not issued and once the invoice issued contract assets is reclassified to trade receivables.

D. Other fees

These fees are generated from the provision of events and media services, and are typically recognised as revenue at the point the service is rendered and becomes payable when invoiced.

E. Dividend and commission income

Dividend income recognized when the right to receive is established. Commission income recognized in profit or loss on an effective yield basis.

3.17 Expenses

General and administrative expenses are those arising from the Group's efforts underlying the marketing, consultancy, administrative and maintenance functions. Costs that relate directly to operations are classified as operating cost. Allocations of common expenses between operating costs and general and administrative expenses, when required, are made on a consistent basis.

SAUDI TADAWUL GROUP HOLDING COMPANY (A Saudi Joint Stock Company)

Notes to the Consolidated Financial Statements

For the year ended 31 December 2023

(Saudi Arabian Riyals)

3.18 Foreign currency transactions

Transactions in foreign currencies are translated to the respective functional currencies of the Group entities at exchange rates at the dates of the transactions. Monetary assets and liabilities denominated in foreign currencies at the reporting date are translated to the functional currency at the exchange rate ruling 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 year, adjusted for effective interest and payments during the year, and the amortized cost in foreign currency translated at the exchange rate at the end of the reporting year. Non-monetary assets and liabilities that are measured at fair value in a foreign currency are translated into the functional currency at the exchange rate when the fair value was determined. Foreign currency differences arising on retranslation are recognized in profit or loss, except for differences arising on the retranslation of FVOCI instruments, which are recognized in other comprehensive income. Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rate at the date of the transaction.

The results and financial position of foreign operations (none of which has the currency of a hyperinflationary economy) that

have a functional currency different from the presentation currency are translated into the presentation currency as follows:

- Assets and liabilities for each statement of financial position presented are translated at the closing rate at the date of that statement of financial position;
- income and expenses for each statement of income and statement of comprehensive income are translated at average exchange rates (unless this is not a reasonable approximation of the cumulative effect of the rates prevailing on the transaction dates, in which case income and expenses are translated at the dates of the transactions); and
- all resulting exchange differences are recognized in the consolidated statement of comprehensive income.

On consolidation, exchange differences arising from the translation of any net investment in foreign entities, and of borrowings are recognized in consolidated statement of comprehensive income. When a foreign operation is sold or any borrowings forming part of the net investment are repaid, the associated exchange differences are reclassified to the consolidated statement of income, as part of the gain or loss on sale.

Fair value adjustments arising on the acquisition of a foreign operation are treated as assets and liabilities of the foreign operation and translated at the closing rate.

SAUDI TADAWUL GROUP HOLDING COMPANY (A Saudi Joint Stock Company)

Notes to the Consolidated Financial Statements

For the year ended 31 December 2023

(Saudi Arabian Riyals)

4. PROPERTY AND EQUIPMENT

	Notes	Land	Buildings	Furniture and fixtures	Computers	Office equipment	Vehicles	Capital work-in-progress	Total
Cost:									
Balance as at 1 January 2022		2,310,985	618,248	21,943,747	159,688,681	19,746,852	2,133,722	19,261,783	225,704,018
Additions		-	-	61,650	21,031,232	505,410	86,381	32,923,709	54,608,382
Disposals		-	-	-	(16,808)	-	(29,500)	-	(46,308)
Balance as at 31 December 2022		2,310,985	618,248	22,005,397	180,703,105	20,252,262	2,190,603	52,185,492	280,266,092
Additions		-	238,342	128,620	9,892,756	743,911	354,500	110,281,588	121,639,717
Acquisition of a subsidiary	38	1,824,189	3,989,658	802,692	11,180,584	899,185	188,909	-	18,885,217
Balance as at 31 December 2023		4,135,174	4,846,248	22,936,709	201,776,445	21,895,358	2,734,012	162,467,080	420,791,026
Accumulated depreciation:									
Balance as at 1 January 2022		-	130,518	17,807,309	116,172,151	18,294,331	1,752,579	-	154,156,888
Charge for the year	4.1	-	20,609	771,169	14,169,350	602,485	180,335	-	15,743,948
Disposals		-	-	-	(9,359)	-	(29,500)	-	(38,859)
Balance as at 31 December 2022		-	151,127	18,578,478	130,332,142	18,896,816	1,903,414	-	169,861,977
Acquisition of a subsidiary	38	-	2,827,436	616,558	10,223,326	86,085	168,621	-	13,922,026
Charge for the year	4.1	-	133,427	784,769	17,084,637	1,030,522	181,121	-	19,214,476
Balance as at 31 December 2023		-	3,111,990	19,979,805	157,640,105	20,013,423	2,253,156	-	202,998,479
Net book value:									
As at 31 December 2023		4,135,174	1,734,258	2,956,904	44,136,340	1,881,935	480,856	162,467,080	217,792,547
As at 31 December 2022		2,310,985	467,121	3,426,919	50,370,963	1,355,446	287,189	52,185,492	110,404,115

4.1 Depreciation expenses is allocated as follows:

	Notes	For the year ended 31 December	
		2023	2022
Operating costs	25	16,314,589	13,348,394
General and administrative expenses	26	2,899,887	2,395,554
Total		19,214,476	15,743,948

SAUDI TADAWUL GROUP HOLDING COMPANY (A Saudi Joint Stock Company)

Notes to the Consolidated Financial Statements

For the year ended 31 December 2023

(Saudi Arabian Riyals)

5. INTANGIBLE ASSETS AND GOODWILL

	Notes	Software	Capital work-in-progress	Goodwill	Total
Cost:					
Balance as at 1 January 2022		343,762,707	67,050,511	-	410,813,218
Additions		44,485,993	-	-	44,485,993
Transfer to Software		38,782,593	(38,782,593)	-	-
Balance as at 31 December 2022		427,031,293	28,267,918	-	455,299,211
Additions		42,785,459	21,707,003	-	64,492,462
Acquisition of a subsidiary	38	137,933,717	8,454,236	95,134,585	241,522,538
Transfer to Software		8,043,085	(8,043,085)	-	-
Balance as at 31 December 2023		615,793,554	50,386,072	95,134,585	761,314,211
Accumulated amortization:					
Balance as at 1 January 2022		281,576,687	-	-	281,576,687
Charge for the year	5.1	34,424,139	-	-	34,424,139
Balance as at 31 December 2022		316,000,826	-	-	316,000,826
Acquisition of a subsidiary	38	54,508,929	-	-	54,508,929
Charge for the year	5.1	41,815,654	-	-	41,815,654
Balance as at 31 December 2023		412,325,409	-	-	412,325,409
Net book value as at 31 December 2023		203,468,145	50,386,072	95,134,585	348,988,802
Net book value as at 31 December 2022		111,030,467	28,267,918	-	139,298,385

5.1 Amortization expense allocation is as follows:

	Notes	For the year ended 31 December	
		2023	2022
Operating costs	25	37,693,607	28,247,238
General and administrative expenses	26	4,122,047	6,176,901
Total		41,815,654	34,424,139

SAUDI TADAWUL GROUP HOLDING COMPANY (A Saudi Joint Stock Company)

Notes to the Consolidated Financial Statements

For the year ended 31 December 2023

(Saudi Arabian Riyals)

6. INVESTMENTS IN ASSOCIATES

	Notes	31 December 2023	31 December 2022
Investment in Tadawul Real Estate Company ("TREC")	6.1	359,701,941	365,697,523
Investment in Regional Voluntary Carbon Company ("RVCMC")	6.2	23,837,805	35,000,000
Total		383,539,746	400,697,523

6.1 Investment in TREC

This represents the Group's share of investment in TREC, a company incorporated in the Kingdom of Saudi Arabia. As at 31 December 2023, the Group owns 33.12% (31 December 2022: 33.12%) of the share capital of TREC. The main activities of this associate is to develop a commercial office tower in King Abdullah Financial District, Riyadh, where the Group will be headquartered.

During the year ended 31 December 2023, the Group assessed whether there is any indication that an impairment loss recognised in prior years may no longer exist or may

have decreased. Considering the completion of TREC's building "Tadawul Tower" and committed occupancy, the Group carried out an impairment test and estimated the recoverable amount to be more than the carrying amount and reversed impairment amounting to SAR 20.89 million (31 December 2022: Nil).

The Group has recognized its share of loss for the year ended 31 December 2023, based on available draft of TREC financial statements at the time of issuance of STG consolidated financial statement.

The movement in carrying value of investment is as follows:

	Note	31 December 2023	31 December 2022
Balance as at 1 January		365,697,523	375,616,085
Share of results of associates and reversal of impairment			
- Reversal of impairment		20,889,120	-
- Share of results	32.1	(26,884,702)	(9,918,562)
		(5,995,582)	(9,918,562)
Balance at end of the year		359,701,941	365,697,523

SAUDI TADAWUL GROUP HOLDING COMPANY (A Saudi Joint Stock Company)

Notes to the Consolidated Financial Statements

For the year ended 31 December 2023

(Saudi Arabian Riyals)

The following table summarizes the financial information of the associate as included in the management accounts:

	31 December 2023	31 December 2022
Summarized statement of financial position		
Total current assets	156,604,707	32,825,683
Total non-current assets	2,323,513,241	2,282,712,671
Total current liabilities	1,362,830,420	85,461,524
Total non-current liabilities	3,725,343	1,062,846,629
Net assets (100%)	1,113,562,185	1,167,230,201

	For the year ended 31 December	
	2023	2022
Summarized statement of profit or loss and other comprehensive income		
Total revenue	121,861,195	-
Net loss and total comprehensive loss for the year	(58,266,984)	(29,983,133)

6.2 Investment in RVCMC

This represents the Group's share of investment in RVCMC, a company incorporated in the Kingdom of Saudi Arabia on 25 October 2022. RVCMC offers guidance and resourcing to support businesses and industries in the region as they play their part in the global transition to net zero, ensuring that carbon credit purchases go above and beyond meaningful emission reductions in value chains. The RVCMC's capital amounts to SAR 500 million (paid up capital of SAR 175 million), where PIF holds 80% stake and the Company holds 20% stake. RVCMC is headquartered in Riyadh, Kingdom of Saudi Arabia.

The Group has recognized its share of loss for the year ended 31 December 2023, based on based on available draft of RVCM financial statements at the time of issuance of STG consolidated financial statement.

The movement in carrying value of investment is as follows:

	31 December 2023	31 December 2022
Balance as at 1 January	35,000,000	-
Investments made during the year	-	35,000,000
Share of results	(11,162,195)	-
Balance at end of the year	23,837,805	35,000,000

SAUDI TADAWUL GROUP HOLDING COMPANY (A Saudi Joint Stock Company)

Notes to the Consolidated Financial Statements

For the year ended 31 December 2023

(Saudi Arabian Riyals)

The following table summarizes the financial information of the associate as included in the management accounts:

	31 December 2023
Total assets (current)	144,279,727
Total liabilities (current)	25,853,074
Net assets (100%)	118,426,653

	For the period 31 December 2023
Summarized statement of profit or loss and other comprehensive income	
Total revenue	52,931,798
Net loss and total comprehensive loss for the year	(55,810,977)

7. RIGHT-OF-USE ASSETS

	Notes	31 December 2023	31 December 2022
Balance as at 1 January		5,310,445	7,120,394
Acquisition of a subsidiary	38	1,198,121	-
Additions		260,457,743	11,201,872
Depreciation charge for the year	7.1	(49,605,371)	(13,011,821)
Balance at the end of year		217,360,938	5,310,445

7.1 Depreciation expenses is allocated as follows:

	Notes	For the year ended 31 December	
		2023	2022
Operating costs	25	5,587,724	5,199,315
General and administrative expenses	26	8,175,183	7,812,506
Cost directly attributable to capital work-in-progress under property and equipment	7.2,32.1	35,842,464	-
Total		49,605,371	13,011,821

SAUDI TADAWUL GROUP HOLDING COMPANY (A Saudi Joint Stock Company)

Notes to the Consolidated Financial Statements

For the year ended 31 December 2023

(Saudi Arabian Riyals)

7.2 On 1 March 2023, the Group signed a lease agreement for its new head quarter with TREC (an associate company). Initial lease term is for five years and is renewable subject to terms and conditions of the agreement. The Group has been provided grace period and it is being utilized to perform fit-out works at the office premises to bring it to condition for its intended use. Consequently, the depreciation and finance cost are considered by the Group as cost directly attributable in bringing the office premises in condition necessary to be capable of operating in the manner as intended by Group's management. These cost hence are capitalized and currently recorded as capital work-in-progress under property and equipment.

8. INVESTMENTS

Investment securities portfolios are summarized as follows:

	Notes	31 December 2023	31 December 2022
Non-current			
Investments at amortized cost	8.1	391,088,818	55,809,077
		391,088,818	55,809,077
Current			
Investments at FVTPL	8.2	269,253,058	618,569,219
		269,253,058	618,569,219

8.1 Investments at amortized cost:

This represents investment in Sukuks issued by counterparties in the Kingdom of Saudi Arabia having sound credit ratings. The Sukuks carry an average commission rate of 4.96% per annum as of 31 December 2023 (2022: 4.3%).

The details of these investments are as follow:

	31 December 2023	31 December 2022
Bank Albilad (Credit rating A3)	55,946,231	55,809,283
Saudi Government Sukuk (2022-03-15 - Credit rating A1)	61,985,793	-
Saudi Government Sukuk (2020-02-15 - Credit rating A1)	54,472,428	-
Saudi Government Sukuk (2018-07-07 - Credit rating A1)	218,686,018	-
Impairment loss on investments at amortized cost (Note 8.1.1)	(1,652)	(206)
Total	391,088,818	55,809,077

SAUDI TADAWUL GROUP HOLDING COMPANY (A Saudi Joint Stock Company)

Notes to the Consolidated Financial Statements

For the year ended 31 December 2023

(Saudi Arabian Riyals)

8.1.1 The movement of the expected credit losses on investments held at amortized cost is summarized as follows:

	31 December 2023	31 December 2022
Balance as at 1 January	206	46,862
Charge / (reversal) for the year (Note 27)	1,446	(46,656)
Balance at the end of the year	1,652	206

Below is the break-up of investment at amortized cost:

31 December 2023			
Description	Maturity date	Face value	Classification
Bank Albilad SAR Denominated Tier 2	15 April 2031	55,000,000	Non-current asset
Saudi Government SAR Sukuk (2022-03-15)	17 March 2037	68,400,000	Non-current asset
Saudi Government SAR Sukuk (2020-02-15)	24 February 2035	61,561,000	Non-current asset
Saudi Government SAR Sukuk (2018-07-07)	25 July 2025	219,110,000	Non-current asset

31 December 2022			
Description	Maturity date	Face value	Classification
Bank Albilad SAR Denominated Tier 2	15 April 2031	55,000,000	Non-current asset

8.2 Investments at fair value through profit or loss ("FVTPL")

This represents investments in units of mutual funds registered in the Kingdom of Saudi Arabia. The cost and fair value of investments held at FVTPL are as follows:

	31 December 2023		31 December 2022	
	Cost	Fair value	Cost	Fair value
Money market funds	250,223,976	269,253,058	594,704,109	610,812,003
Real estate funds	15,000,000	-	20,250,000	7,757,216
Total	265,223,976	269,253,058	614,954,109	618,569,219

SAUDI TADAWUL GROUP HOLDING COMPANY (A Saudi Joint Stock Company)

Notes to the Consolidated Financial Statements

For the year ended 31 December 2023

(Saudi Arabian Riyals)

9. ACCOUNTS RECEIVABLE

	Notes	31 December 2023	31 December 2022
Tarde receivables			
- Related parties	32.2	21,227,004	17,031,206
- Others		115,847,152	73,427,987
Less: allowance for expected credit losses	9.1	(42,366,363)	(26,110,800)
Total		94,707,793	64,348,393

Receivable balances are non-commission bearing and have payment terms ranging from immediate to thirty days.

9.1 The movement in the allowance for expected credit losses is summarized as follows:

	Notes	31 December 2023	31 December 2022
Balance as at 1 January		26,110,800	25,795,719
Acquisition of a subsidiary		16,647,314	-
(Reversal) / charge for the year	27	(391,751)	315,081
Balance at end of the year	34.3	42,366,363	26,110,800

10. ADVANCES, PREPAYMENTS AND OTHER ASSETS

	Notes	31 December 2023	31 December 2022
Advance against purchase of property	10.1	77,500,000	77,500,000
Prepaid insurance expenses		12,892,297	10,997,526
Advances to vendor		10,995,199	8,064,317
Receivable from ZATCA	23	8,638,957	-
Accrued operational revenue		7,395,257	6,589,018
Advance to employees		7,011,127	5,020,765
Security deposit		4,493,760	-
Other receivables	10.2,32	7,714,462	7,933,818
Total		136,641,059	116,105,444

10.1 This represents an advance paid to Saudi Central Bank (SAMA) as partial payment for purchasing part of a property in King Abdullah Financial District, Riyadh, kingdom of Saudi Arabia.

10.2 Other receivable balances are non-commission bearing and have payment terms ranging from immediate to ninety days.

SAUDI TADAWUL GROUP HOLDING COMPANY (A Saudi Joint Stock Company)

Notes to the Consolidated Financial Statements

For the year ended 31 December 2023

(Saudi Arabian Riyals)

11. CLEARING PARTICIPANT FINANCIAL ASSETS

Financial assets at amortised cost:	Notes	31 December 2023	31 December 2022
Deposits with SAMA	11.1	1,029,134,232	3,061,369,467
Investment in SAMA Bills	11.2	2,497,782,585	999,308,737
		3,526,916,817	4,060,678,204

11.1 Deposits with SAMA:

This represents cash collateral received from clearing participants in the form of initial margin, variation margin and default funds for the equity and derivatives markets. Commission is earned on such deposits at the prevailing market rates offered by SAMA and clearing members' share of the commission earned is added to their collateral accounts. These funds are not available for use in the operations of the Group.

	31 December 2023	31 December 2022
Deposits with SAMA - relating to Equities markets	962,334,250	3,030,450,725
Deposits with SAMA - relating to Derivatives markets	66,799,982	30,918,742
	1,029,134,232	3,061,369,467

11.2 Investment in SAMA Bills:

	Note	31 December 2023	31 December 2022
Investment in SAMA Bills	11.2.1	2,497,782,585	999,308,737

11.2.1 These represent investment in SAMA Bills from deposits received from clearing participants in the form of initial margin, variation margin and default funds for the equity and derivatives markets. Commission is earned on such Bills at the prevailing market rates offered by SAMA and clearing members' share of the commission earned is added to their collateral accounts. These funds are not available for use in the operations of the Group.

As of each reporting date, all deposits with SAMA and SAMA Bills are assessed to have low credit risk as these are placed/ issued by Government sovereign financial institutions and there has been no history of default with any of the Group's deposit and investments in bills. Therefore, the probability of default based on forward looking factors and any loss given defaults are considered to be negligible.

SAUDI TADAWUL GROUP HOLDING COMPANY (A Saudi Joint Stock Company)

Notes to the Consolidated Financial Statements

For the year ended 31 December 2023

(Saudi Arabian Riyals)

12. CASH AND CASH EQUIVALENTS

	Notes	31 December 2023	31 December 2022
Cash at banks		71,489,884	49,821,541
Deposit with SAMA	12.1	16,500,000	16,500,000
Time deposits with original maturities equal to or less than three month from the date of acquisition	12.2	1,962,624,190	2,052,504,555
		2,050,614,074	2,118,826,096

12.1 Commission is earned on deposit with SAMA at the prevailing market rates offered by SAMA with original maturity of less than three months. These funds are restricted and are not available for general operational use of the Group.

12.2 These time deposits are placed with financial institutions in the Kingdom of Saudi Arabia with original maturities of less than three months. Commission is also earned on these time deposits as per the prevailing market rates. These time deposits are sharia compliant.

13. STATUTORY RESERVE

During the year, the General Assembly in its extra ordinary meeting (EGM) on 29 Jumada al-Awwal 1445H (corresponding to 13 December 2023) approved the amendment of the Company's By-Laws to transfer the statutory reserve of SAR 360 million to retained earnings and legal formalities for updating By-Laws are completed subsequently to year end.

14. LEASE LIABILITIES

This represents amount of lease liabilities for the rented offices of the Group. Set out below are carrying amount of lease liabilities and the movements during the year:

	Notes	31 December 2023	31 December 2022
Balance as at 1 January		-	982,913
Acquisition of a subsidiary	38	1,279,618	-
Additions		260,457,743	11,201,873
Finance cost	14.1	9,354,023	130,602
Payment		(68,834,629)	(12,315,388)
Balance at the end of year		202,256,755	-
Non-current		150,950,630	-
Current		51,306,125	-
Total		202,256,755	-

SAUDI TADAWUL GROUP HOLDING COMPANY (A Saudi Joint Stock Company)

Notes to the Consolidated Financial Statements

For the year ended 31 December 2023

(Saudi Arabian Riyals)

14.1 Finance cost is allocated as follows:

	Notes	For the year ended 31 December	
		2023	2022
Finance cost directly capitalized in capital work-in-progress under property and equipment	7.2,32.1	9,320,191	-
Finance cost expense	29	33,832	130,602
Total		9,354,023	130,602

15. EMPLOYEES' END-OF-SERVICE BENEFITS

The movement in employees' end-of-service benefits is as follows:

	Notes	31 December 2023	31 December 2022
Balance as at 1 January		79,561,092	96,876,185
Current service cost		10,089,828	10,064,443
Finance cost	29	4,075,104	2,241,385
Amount recognised in profit or loss		14,164,932	12,305,828
Acquisition of a subsidiary	38	8,045,493	-
Re-measurement (gain) / loss recognized in other comprehensive income		1,803,861	(22,650,595)
Benefits paid during the year		(4,867,289)	(6,970,326)
Balance at end of the year		98,708,089	79,561,092

15.1 Re-measurement loss / (gain) recognized in other comprehensive income for the year is as follows:

	31 December 2023	31 December 2022
Effect of changes in financial assumptions	403,018	(24,500,236)
Effect of changes in demographic assumptions	-	7,817,710
Effect of experience adjustments	1,400,843	(5,968,069)
Re-measurement loss / (gain) recognized in other comprehensive income	1,803,861	(22,650,595)

SAUDI TADAWUL GROUP HOLDING COMPANY (A Saudi Joint Stock Company)

Notes to the Consolidated Financial Statements

For the year ended 31 December 2023

(Saudi Arabian Riyals)

15.2 Principal actuarial assumptions

	31 December 2023	31 December 2022
Discount rate	5.05%	5.20%
Future growth in salary	5.00%	5.00%
Turnover	17%	16%
Mortality rate	AM80-100%	WHO SA19 - 75%
Demographic assumptions		
Retirement age	60 years	60 years

Discount rate

The discount rate should be determined by reference to market yields at the end of the reporting period on high quality corporate bonds (or, in countries where there is no deep market in such bonds, government bonds) of a currency and term consistent with the currency and estimated term of the post-employment benefit obligations.

Since there is no deep market in Kingdom of Saudi Arabia for government bonds and/or corporate bonds, we have used the yield on US High Quality Market Corporate bonds and US Risk Free Rate and applied a risk premium to arrive at the discount rate.

Salary increases

With regards to the past trend, it is assumed that the salaries would increase at a rate of 5.00% per annum compound in the long range.

Turnover

The Management assumed the "Heavy" age-wise withdrawal rates. It was assumed that out of the employees that will cease to be employed in a year, other than by normal retirement or death, 90% will be on account of resignation and 10% on account of termination by the Group.

15.3 Maturity profile of the defined benefit liability

	31 December 2023	31 December 2022
Weighted average duration (years)	5.13	5.5
Distribution of benefit payments:		
Years	Amounts	
1	10,318,158	9,047,175
2	5,354,293	5,505,656
3	6,381,762	4,206,431
4	5,249,529	5,209,599
5	9,229,142	3,976,442
6-10	122,036,074	107,481,325

SAUDI TADAWUL GROUP HOLDING COMPANY (A Saudi Joint Stock Company)

Notes to the Consolidated Financial Statements

For the year ended 31 December 2023

(Saudi Arabian Riyals)

15.4 Sensitivity analysis

Reasonably possible changes as to one of the relevant actuarial assumptions, holding other assumptions constant, the amount of defined benefit obligations would have been:

	31 December 2023		31 December 2022	
	Increase	Decrease	Increase	Decrease
Discount rate (1% movement)	88,117,030	104,872,667	72,966,365	87,168,812
Future salary growth (1% movement)	105,242,617	87,668,663	87,504,645	72,563,970
Turnover (10% movement)	90,031,901	91,274,588	79,103,151	80,056,320
Mortality rate (10% movement)	90,626,420	90,631,726	79,562,576	79,559,602

15.5 Risks associated with defined benefits plan

Longevity risks

The risk arises when the actual lifetime of retirees is longer than expectation. This risk is measured at the plan level over the entire retiree population.

Salary increase risk

The most common type of retirement benefit is one where the benefit is linked with final salary. The risk arises when the actual salary increases are higher than expectation and impacts the liability accordingly.

16. NON-CONTROLLING INTEREST PUT OPTION

The Group, through its subsidiary Wamid, acquired 51% of issued share capital of the DFN carrying full voting rights on 7 May 2023 (refer Note 38 for further details). The shareholders' agreement and put option agreement grants non-controlling interest equity holders in DFN an irrevocable and unconditional right to exercise their put options in respect of the non-controlling interest held in DFN (49% of issued share capital) for cash consideration of SAR 220.5 million by issuing a put notice within 60 days from the put option exercise period. Put option exercise period is earlier of:

- the issuance of the audited financial statements of DFN for the year ending 31 December 2026; or
- 30 June 2027

The Group recognized put option over non-controlling interests and recorded non-current put option financial liability discounted at present value amounting to SAR 175 million against the reduction in non-controlling interest of SAR 14 million and other reserve of SAR 161 million for the exercise price. At each reporting date, the difference between the fair value of the non-current liability resulting from the put option and the non-controlling interests is recognized in other reserve.

SAUDI TADAWUL GROUP HOLDING COMPANY (A Saudi Joint Stock Company)

Notes to the Consolidated Financial Statements

For the year ended 31 December 2023

(Saudi Arabian Riyals)

The movement in the financial liability during the year is as follows:

	31 December 2023	31 December 2022
Put option issued on 7 May 2023	167,805,446	-
Change in non-controlling interest put option liability	7,558,333	-
Balance at the end of the year	175,363,779	-

17. BORROWINGS

The Group through its subsidiary (DFN) has loan facilities ranging from 1–10 years of SAR 36,431,991 (2022: Nil). These facilities are secured against a mix of promissory notes, corporate guarantees from the related parties and related parties' real estate properties. The balances, commission rate and repayment terms are as follows:

	Maturity	31 December 2023	31 December 2022
NON – CURRENT			
Islamic financing	2025	1,145,301	-
CURRENT PORTION			
Overdraft facility	On demand	959,339	-
Islamic financing	Current portion	9,383,402	-
		10,342,741	-

Long-term financing carries commission rates ranges from 6.59% to 9.35% per annum and overdraft carries commission rate of SIBOR +5.5% (2022: nil).

18. CLEARING PARTICIPANT FINANCIAL LIABILITIES

	Notes	31 December 2023	31 December 2022
Financial liabilities at amortised cost:			
Collateral from clearing members	18.1	3,501,398,133	4,045,931,658
Members' contribution to clearing house funds	18.2	6,661,908	4,304,970
		3,508,060,041	4,050,236,628

18.1 The deposits from clearing participants represents amounts received from clearing participants as collateral in lieu of initial margin, variation margin and default funds for the equity and derivatives markets. These deposits are subject to commission, a portion of which is shared and included in the clearing participant financial assets.

18.2 This represents a prefunded default arrangement that is composed of assets contributed by clearing members that may be used by the Group in certain circumstances to cover the losses or liquidity pressure resulting from participant defaults.

SAUDI TADAWUL GROUP HOLDING COMPANY (A Saudi Joint Stock Company)

Notes to the Consolidated Financial Statements

For the year ended 31 December 2023

(Saudi Arabian Riyals)

19. ACCOUNTS PAYABLE

	Note	31 December 2023	31 December 2022
Trade payables:			
- Others		24,612,326	12,419,942
- Related parties	32.2	25,181,080	47,878
Total		49,793,406	12,467,820

Payables are non-commission bearing and are settled on terms ranging from immediate to sixty days.

20. BALANCE DUE TO CAPITAL MARKET AUTHORITY (CMA)

The Group acts as a collection agent on behalf of CMA where their trading commission share is collected and transferred to them on an agreed mechanism. Such portion is not recognized as Group's revenue. Also includes unpaid CMA fees balance.

21. DEFERRED REVENUE

	Note	31 December 2023	31 December 2022
Balance at beginning of the year		16,722,361	3,214,902
Acquisition of a subsidiary	38	26,943,959	-
Invoiced during the year		261,409,593	209,652,633
Recognised as revenue during the year		(262,299,984)	(196,145,174)
Balance at end of the year		42,775,929	16,722,361
Non-current		12,397,613	-
Current		30,378,316	16,722,361
Total		42,775,929	16,722,361

Deferred revenue includes balances pertaining to related parties amounting to SAR 4,641,968 (2022: SAR 6,218,757) (Note 31.2).

SAUDI TADAWUL GROUP HOLDING COMPANY (A Saudi Joint Stock Company)

Notes to the Consolidated Financial Statements

For the year ended 31 December 2023

(Saudi Arabian Riyals)

22. ACCRUED EXPENSES AND OTHER CURRENT LIABILITIES

	Notes	31 December 2023	31 December 2022
Accrued employee expenses		105,023,642	115,362,304
Payable for General Organization for Social Insurance		2,249,012	2,079,494
Value added tax (VAT), net		5,827,225	457,531
Board of Directors remuneration payable	32	12,435,456	9,337,500
Accrued supplier expenses:			
- Related party	32	9,734,539	11,836,063
- Others		164,792,618	125,699,083
Total		300,062,492	264,771,975

Other payables and statutory dues are non-commission bearing and are settled on terms ranging from immediate to sixty days.

23. ZAKAT PROVISION

Zakat is charged at the higher of net adjusted income or Zakat base as required by the ZATCA. The key elements of zakat base primarily includes equity components, net income and liabilities reduced by non-current assets as adjusted for zakat purpose.

The movements in zakat provision are as follows:

	31 December 2023	31 December 2022
Balance as at 1 January	67,221,868	66,663,698
Provision for Zakat for the year		
- Current year	55,582,640	67,221,868
- Prior year (over) / under provision	(82,829)	468,544
Zakat expense for the year	55,499,811	67,690,412
- Recoverable from ZATCA (Note 10)	8,638,957	-
	64,138,768	67,690,412
Zakat paid during the year	(67,139,038)	(67,132,242)
Balance at end of the year	64,221,598	67,221,868

The Group has already filed and paid its consolidated Zakat return for the Company and its wholly-owned subsidiaries with ZATCA for years 2020 till 2022. The Group is subject to Zakat in accordance with the Zakat regulations issued by ZATCA based on Royal Decree 35657 issued on 29/6/1442 effective from 1 January 2020. The Company has not received any assessments till date.

SAUDI TADAWUL GROUP HOLDING COMPANY (A Saudi Joint Stock Company)

Notes to the Consolidated Financial Statements

For the year ended 31 December 2023

(Saudi Arabian Riyals)

24. OPERATING REVENUE

	For the year ended 31 December	
	2023	2022
Revenue recognized over-time		
Post trade services	159,266,711	150,878,440
Data and technology services	164,441,670	100,185,561
Listing services	86,860,531	81,431,485
Membership fees	4,153,520	4,061,813
Derivatives services	1,584,955	1,340,310
Commission income on SAMA Bills, net	61,006,849	13,123,801
Commission income on SAMA deposits, net	8,861,314	5,642,476
	486,175,550	356,663,886
Revenue recognized at point-in-time		
Post trade services	341,098,726	411,118,916
Trading services	243,294,025	310,593,521
Data and technology services	26,250	-
Listing services	2,080,000	11,737,696
Derivatives services	47,139	35,116
Membership fees	58,500	46,800
	586,604,640	733,532,049
Revenue from contracts with customers	1,072,780,190	1,090,195,935

The Group acts as a collection agent on behalf of CMA where their trading commission share is collected and transferred to them on an agreed mechanism. Such portion is not recognized as Group's revenue.

SAUDI TADAWUL GROUP HOLDING COMPANY (A Saudi Joint Stock Company)

Notes to the Consolidated Financial Statements

For the year ended 31 December 2023

(Saudi Arabian Riyals)

25. OPERATING COSTS

	Notes	For the year ended 31 December	
		2023	2022
Salaries and related benefits		192,521,043	152,498,856
CMA fees	25.1	122,000,000	122,000,000
Technology and network		76,474,466	52,266,516
Depreciation and amortization	4,5,7	59,595,920	46,794,947
Consultancy		7,337,827	6,175,826
Accommodation and utilities		4,938,455	4,251,774
Others		3,070,640	3,737,995
Total		465,938,351	387,725,914

25.1 This represents fees payable to the CMA in accordance with the details of the Market Institutions Deputy letter no. (17/268/6) dated 18 January 2017 which includes notification of CMA Board resolution, in addition to CMA Board resolution no. (3-2-2019) dated 7 January 2019.

26. GENERAL AND ADMINISTRATIVE EXPENSES

	Notes	For the year ended 31 December	
		2023	2022
Salaries and related benefits		178,749,163	154,104,067
Marketing and public relations		23,138,351	22,827,937
Technology and network		19,411,629	14,865,628
Consultancy		17,820,455	27,961,212
Depreciation and amortization	4,5,7	15,197,117	16,384,961
Board of Directors' remuneration		12,603,499	9,512,309
Accommodation and utilities		7,705,406	7,095,481
Others		4,281,302	3,565,962
Total		278,906,922	256,317,557

SAUDI TADAWUL GROUP HOLDING COMPANY (A Saudi Joint Stock Company)

Notes to the Consolidated Financial Statements

For the year ended 31 December 2023

(Saudi Arabian Riyals)

27. REVERSAL / (ALLOWANCE) FOR EXPECTED CREDIT LOSSES

	Notes	For the year ended 31 December	
		2023	2022
(Allowance) / reversal on investments at amortised cost	8	(1,446)	46,656
Reversal / (allowance) on accounts receivable	9	391,751	(315,081)
Total		390,305	(268,425)

28. INVESTMENT INCOME

		For the year ended 31 December	
		2023	2022
Commission income on time deposits		105,010,344	21,674,617
Commission income on investments at amortised cost		12,062,000	2,339,517
Realised gain on sale investments, net		4,518,981	17,707,501
Unrealised gain on investments, net		4,632,741	8,722,423
Dividend income		810,036	5,513,917
Total		127,034,102	55,957,975

29. FINANCE COSTS

	Notes	For the year ended 31 December	
		2023	2022
Finance cost on employees' end-of-service benefits liabilities	15	4,075,104	2,241,385
Finance cost on lease liabilities	14	33,832	130,602
Finance cost on borrowings		137,098	-
Total		4,246,034	2,371,987

SAUDI TADAWUL GROUP HOLDING COMPANY (A Saudi Joint Stock Company)

Notes to the Consolidated Financial Statements

For the year ended 31 December 2023

(Saudi Arabian Riyals)

30. BASIC AND DILUTED EARNINGS PER SHARE

Basic and diluted earnings per share is computed by dividing profit attributable to the ordinary shareholders of the parent company by the weighted average outstanding number of shares for the year ended 31 December 2023, totaling 120 million shares (31 December 2022: 120 million shares).

	For the year ended 31 December	
	2023	2022
Net profit for the year	390,060,733	424,598,326
Weighted average outstanding number of shares	120,000,000	120,000,000
Earnings per share	3.25	3.54

31. CONTINGENCIES AND COMMITMENTS

Commitments

31.1 Commitments represent the value not yet executed supply contracts of assets and services to the Group as follows:

	31 December 2023	31 December 2022
Capital expenditure commitments	154,745,819	25,368,036
Operating expenditure commitments	58,460,211	37,654,733
	213,206,030	63,022,769

During the year end 31 December 2022, the Company had entered into a short-term revolving financing facility of SAR 28 million to as part of business continuity and contingency liquidity planning which has expired during the year.

Contingencies

	31 December 2023	31 December 2022
31.2 Letters of guarantee	1,270,710	1,147,940

31.3 The Group, in its ordinary course of business, is subject to proceedings, lawsuits and other claims. However, these matters are not expected to have any material impact on the Group's financial position or on the results of its operations as reflected in these consolidated financial statements.

SAUDI TADAWUL GROUP HOLDING COMPANY (A Saudi Joint Stock Company)

Notes to the Consolidated Financial Statements

For the year ended 31 December 2023

(Saudi Arabian Riyals)

32. TRANSACTIONS WITH RELATED PARTIES

During the ordinary course of business, the Company enters into transaction with its related parties. These related parties include:

- A. Ultimate controlling party – PIF as explained in Note 1;
- B. Other related parties that include entities which have either common directors with the Company's Board of Directors (BOD) and / or owned by Parent and / or have common directors with the BOD of Parent;
- C. Associate companies, refer Note 1.2 for details; and
- D. Key Management that includes the Company's BOD and key executives

32.1 Following are the total amount of transactions that have been entered into during the year with the related parties:

	Notes	For the year ended 31 December	
		2023	2022
PIF			
Operating revenue from services rendered		5,185,177	1,687,500
Other related parties			
Operating revenue from services rendered		295,883,446	295,642,580
Commission income		39,119,395	1,383,952
Purchase of services (internet , utilities and others)		10,495,424	14,746,203
Disposals of investments at FVTPL		(13,801,775)	(336,047,091)
Associates			
TREC – Share of results	6.1	(26,884,702)	(9,918,562)
Depreciation on right-of-use assets	7.1	35,842,464	-
Lease payment	14	(54,599,184)	-
Finance cost on lease liabilities	14	9,320,191	-
Investment in RVCMC	6.2	-	35,000,000
RVCMC – Share of results	6.2	(11,162,195)	-
Key management personnel compensation			
Salaries and other short-term benefits		28,054,978	23,845,710
Post-employment benefits		1,963,043	2,124,919
Board of Directors' remuneration		12,603,499	9,512,309

Operating revenue from services rendered by the Group to the related parties included services of post trade, trading, listing, data and technology services, derivative and membership. The Company also paid dividends during the year to the shareholders of the Company.

SAUDI TADAWUL GROUP HOLDING COMPANY (A Saudi Joint Stock Company)

Notes to the Consolidated Financial Statements

For the year ended 31 December 2023

(Saudi Arabian Riyals)

32.2 Following are the outstanding balances arising from related party transactions:

	Notes	31 December 2023	31 December 2022
PIF			
Accounts receivable	9	6,420,079	-
Deferred revenue	21	4,140,000	3,802,500
Other related parties			
Investments held at FVTPL	8.2	-	13,720,906
Accounts receivables	9	10,657,860	13,558,085
Less: ECL allowance	9.1	(1,185,540)	(780,298)
Other receivables	9	3,754,663	2,935,050
Accounts receivable, net		13,226,983	15,712,837
Other receivables		5,440,626	-
Accrued expenses and other liabilities	19,21,22	39,557,587	14,300,197
Cash and cash equivalents	12	430,468,282	804,234,649
Clearing participant financial liabilities	18	352,400,544	866,246,957
Associates			
Accounts receivable - Tadawul Real Estate Company	9	394,402	538,071
Key management personnel			
Board of Directors remuneration payable	22	12,435,456	9,337,500

Outstanding balances at year end arise in normal course of business. These balances are unsecured, commission free and are recoverable / payable on terms ranging from immediate to thirty days.

33. SEGMENT INFORMATION

The Group operates solely in the Kingdom of Saudi Arabia. For management purposes, the Group is organized into business segments based on services provided. The reportable segments of the Group are:

Capital markets

The activities of this segment include trading commission for securities and derivative markets, admission fees from initial listing and further capital raises, annual fees charged for securities traded on the Group's markets and fees from

secondary market services.

Post-trade

The activities of this segment include registration of investment portfolios in the filing and settlement system, register and file its ownership, transfer, settlement, clearing and safekeeping its ownership, registering any restriction of ownership on the file securities, and associate with members of the market and settlement agents to filing and settlement system. Furthermore, linking and managing records of securities issuers, organizing general assemblies for issuers including remote voting service for such assemblies, providing reports, notifications and information in addition to providing any other service relating to its activities according to financial market regulations.

SAUDI TADAWUL GROUP HOLDING COMPANY (A Saudi Joint Stock Company)

Notes to the Consolidated Financial Statements

For the year ended 31 December 2023

(Saudi Arabian Riyals)

Data and technology services

The activities of this segment are to grow the business of Data and Technology Services which includes offering high-quality real-time trading data, reference data, market indices, financial information to the financial community, financial technology solutions, research & development in the field of engineering & technology and innovative capital market solutions for stakeholders. In addition, this segment also develops financial technology and financial content for stakeholders to utilize as data and technology services.

Corporate

Corporate manages future corporate development and controls all treasury related functions. This also includes managing strategy for business development including mergers and acquisitions, legal, finance, zakat and taxation, operations, information technology, human resources and customer relations management.

33.1 Financial information relating to operating segments:

31 December 2023	Capital markets	Data and technology services	Post-trade	Corporate	Total
Segment revenue	335,452,000	164,467,920	572,860,270	-	1,072,780,190
Segment costs excluding depreciation and amortization	(188,400,632)	(112,347,976)	(322,515,819)	(46,397,504)	(669,661,931)
Depreciation and amortization	(18,278,821)	(10,540,806)	(40,671,499)	(5,301,911)	(74,793,037)
Investment income	-	-	-	127,034,102	127,034,102
Share of results of associates and reversal of impairment	-	-	-	(17,157,777)	(17,157,777)
Finance costs	-	-	-	(4,246,034)	(4,246,034)
Other income, net	-	-	-	3,041,049	3,041,049
Profit before Zakat	128,772,547	41,579,138	209,672,952	56,971,925	436,996,562
Zakat expense	-	-	-	(55,499,811)	(55,499,811)
Profit after Zakat	128,772,547	41,579,138	209,672,952	1,472,114	381,496,751
Net profit for the year is attributable to:					
Ordinary shareholders of the parent company	128,772,547	50,143,120	209,672,952	1,472,114	390,060,733
Non-controlling interest	-	(8,563,982)	-	-	(8,563,982)
	128,772,547	41,579,138	209,672,952	1,472,114	381,496,751

SAUDI TADAWUL GROUP HOLDING COMPANY (A Saudi Joint Stock Company)

Notes to the Consolidated Financial Statements

For the year ended 31 December 2023

(Saudi Arabian Riyals)

31 December 2022	Capital markets	Data and technology services	Post- trade	Corporate	Total
Segment revenue	406,543,274	100,185,561	583,467,100	-	1,090,195,935
Segment cost excluding depreciation and amortization	(174,241,511)	(47,357,651)	(332,654,070)	(26,878,756)	(581,131,988)
Depreciation and amortization	(19,245,048)	(3,298,307)	(33,329,886)	(7,306,667)	(63,179,908)
Investment income	-	-	-	55,957,975	55,957,975
Share of results of associates	-	-	-	(9,918,562)	(9,918,562)
Finance costs	-	-	-	(2,371,987)	(2,371,987)
Other income, net	-	-	-	2,737,273	2,737,273
Segment profit before Zakat	213,056,715	49,529,603	217,483,144	12,219,276	492,288,738
Zakat expense	-	-	-	(67,690,412)	(67,690,412)
Segment profit after Zakat	213,056,715	49,529,603	217,483,144	(55,471,136)	424,598,326
Net profit for the year is attributable to:					
Ordinary shareholders of the parent company	213,056,715	49,529,603	217,483,144	(55,471,136)	424,598,326
Non-controlling interest	-	-	-	-	-
	213,056,715	49,529,603	217,483,144	(55,471,136)	424,598,326

33.2 Operating revenue by operating segments

31 December 2023	Capital markets	Data and technology services	Post- trade	Total
Revenue recognised at a point-in-time				
Trading services	243,294,025	-	-	243,294,025
Data & technology Services	-	26,250	-	26,250
Post trade services	-	-	341,098,726	341,098,726
Listing services	2,080,000	-	-	2,080,000
Derivatives market	14,823	-	32,316	47,139
Membership fees	58,500	-	-	58,500
Revenue recognised over-time				
Data and technology services	-	164,441,670	-	164,441,670
Post trade services	-	-	159,266,711	159,266,711
Listing services	86,860,531	-	-	86,860,531
Derivatives market	1,189,889	-	395,066	1,584,955
Membership fees	1,954,232	-	2,199,288	4,153,520
Commission income on SAMA Bills, net	-	-	61,006,849	61,006,849
Commission income on SAMA deposits, net	-	-	8,861,314	8,861,314
Consolidated revenue	335,452,000	164,467,920	572,860,270	1,072,780,190

SAUDI TADAWUL GROUP HOLDING COMPANY (A Saudi Joint Stock Company)

Notes to the Consolidated Financial Statements

For the year ended 31 December 2023

(Saudi Arabian Riyals)

31 December 2022	Capital markets	Data and technology services	Post- trade	Total
Revenue recognised at a point-in-time				
Trading services	310,593,521	-	-	310,593,521
Post trade services	-	-	411,118,916	411,118,916
Listing services	11,737,696	-	-	11,737,696
Derivatives markets	10,372	-	24,744	35,116
Membership fees	46,800	-	-	46,800
Revenue recognised over-time				
Data and technology services	-	100,185,561	-	100,185,561
Post trade services	-	-	150,878,440	150,878,440
Listing services	81,431,485	-	-	81,431,485
Derivatives markets	1,038,409	-	301,901	1,340,310
Membership fees	1,684,991	-	2,376,822	4,061,813
Commission income on SAMA Bills, net	-	-	13,123,801	13,123,801
Commission income on SAMA deposits, net	-	-	5,642,476	5,642,476
Consolidated revenue	406,543,274	100,185,561	583,467,100	1,090,195,935

34. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT

The Group has exposure to the following risks from its activities and use of financial instruments:

- Market risk;
- Credit risk;
- Operational risk management; and
- Liquidity risk.

This note presents information about the Group's exposure to each of the above risks and the Group's objectives, policies and processes for measuring and managing these risks. Furthermore, quantitative disclosures are included throughout these consolidated financial statements.

Enterprise Risk Management Framework

The Board of Directors (Board) has the overall responsibility for the establishment and oversight of the Group's Enterprise Risk Management (ERM) Framework. The Board is responsible for approving the Group's ERM policy. Furthermore, the Board Governance, Risk and Compliance Committee is responsible for overseeing the effective implementation of the ERM policy.

The Group's ERM policy is established to identify and analyze risks faced by the Group, to set appropriate risk limits & controls, and to monitor risks & adherence to limits. The ERM Policy and Framework are reviewed regularly to reflect changes in market conditions and the Group's activities. The Group, aims to develop a constructive risk culture in which all employees proactively engage and understand their roles and obligations.

SAUDI TADAWUL GROUP HOLDING COMPANY (A Saudi Joint Stock Company)

Notes to the Consolidated Financial Statements

For the year ended 31 December 2023

(Saudi Arabian Riyals)

The main components of the Group's ERM Framework are risk governance, risk appetite & tolerance, risk management process, Risk Universe, risk culture, risk management tools and relevant policies and procedures. The framework governs the processes required to identify, evaluate and prioritize the key risks that could impact the Group and the execution of its strategy.

To ensure an integrated and consistent approach across the risk management process of the Group, risk appetite & tolerance limits are defined as per the Risk Universe, which classifies risks into structured categories for effective risk management. This risk classification directly influences the particular configuration of the risk appetite and other ERM Framework elements such as the ERM Policy and procedures.

Risk management structure

A cohesive organisational structure is established within the Group in order to identify, assess, monitor and control risks.

Board of Directors

The objective of risk governance is the centralised oversight of the Board of Directors providing direction and the necessary approvals of strategies and policies in order to achieve defined corporate goals.

Senior management

Senior management is responsible for the day to day operations in respect of achieving the strategic goals within the Group's pre-defined risk appetite. All business functions link their risk assessment methodology in line with the Risk Universe and core statements. In addition, all the policies and procedures of the business functions should be aligned with all the tolerance levels stated in Risk Appetite Statement.

The risks faced by the Group and the way these risks are mitigated by management are summarised below:

34.1 Market risk

Market risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate, because of changes in market prices, whether those changes are caused by factors specific to the individual financial instrument or its issuer or factors affecting all similar financial instruments traded in the market. The Group limits market risk by maintaining a diversified portfolio and by monitoring the developments in financial markets. Market risk reflects price risk, currency risk and commission rate risk.

Price risk

Price risk is the risk that the value of financial instruments will fluctuate due to changes in market prices (other than risk arising from commission rate and foreign currency). The Group believes price risk does not arise for the Group based on the investment portfolio held.

Currency risk

Currency risk is the risk that the value of financial instruments will fluctuate due to changes in foreign exchange rates. The Group is subject to fluctuations in foreign exchange rates in the normal course of its business. The Group is not exposed to currency risk and it did not undertake significant transactions in currencies other than Saudi Arabian Riyals or USD.

Commission rate risk

Commission risk is the exposure to multiple risks related to the impact of changes in commission rates in the market on the Group's financial position and cash flows. The Group monitors the fluctuations in commission rates and believes that the impact of the risk is on certain financial instruments held by the Group.

A 1% change in the commission rates, with all other variables held constant, would impact the consolidated statement of profit or loss and other comprehensive income as set out below:

	For the year ended 31 December	
	2023	2022
Effect on profit for the year (+/-)	44,453,950	44,389,657

SAUDI TADAWUL GROUP HOLDING COMPANY (A Saudi Joint Stock Company)

Notes to the Consolidated Financial Statements

For the year ended 31 December 2023

(Saudi Arabian Riyals)

34.2 Credit risk

Credit risk is the risk of a financial loss to the Group if a customer or counterparty to a financial instrument fails to meet its contractual obligations and arises principally from the Group's accounts receivables from customers, cash at banks, time deposits and investment in debt securities.

The below schedule shows the maximum limit for exposure to credit risk of the consolidated statement of financial position elements:

	31 December 2023	31 December 2022
Cash and cash equivalents	2,050,614,074	2,118,826,096
Investments at amortized cost	391,088,818	55,809,077
Accounts receivable	94,707,793	64,348,393
Other receivables	20,847,179	7,933,818
Accrued operational revenue	7,395,257	6,589,018
Advance to employees	7,011,127	5,020,765
Total	2,571,664,248	2,258,527,167

Cash and cash equivalents

The Group keeps its surplus funds with banks having sound credit ratings. Currently the surplus funds are kept with banks that have ratings as follows:

Current accounts

Bank name	STANDARD & POOR		Moody's		Fitch	
	Long term	Short term	Long term	Short term	Long term	Short term
SAB	-	-	A1	P-1	A-	F2
SNB	A-	A-2	A1u	P-1u	A-	F2
BSF	A-	A-2	A1	P-1	-	-
SAIB	BBB	A-2	A2	P-1	A-	F2
Emirates NBD	-	-	A2	P-1	-	-
Mashreq Bank	A	A-1	Baa1	P-2	-	-

SAUDI TADAWUL GROUP HOLDING COMPANY (A Saudi Joint Stock Company)

Notes to the Consolidated Financial Statements

For the year ended 31 December 2023

(Saudi Arabian Riyals)

Time deposit

Bank name	STANDARD & POOR		Moody's		Fitch	
	Long term	Short term	Long term	Short term	Long term	Short term
SAB	-	-	A1	P-1	A-	F2
Alinma Bank	-	-	A2	P-1	A-	F2
ANB	A-	A-2	A1	P-1	-	-
AlRajhi Bank	A-	A-2	A1	P-1	A-	F2

Investments at amortized cost

This represents investments in sukuks issued by counter parties operating in the Kingdom of Saudi Arabia having sound credit ratings as disclosed in note 8.

Accounts receivable

Accounts receivable are shown net of the allowance for expected credit losses. The Group applies the IFRS 9 simplified approach in measuring expected credit losses which uses a lifetime expected loss allowance. To measure the expected credit losses, account receivables have been grouped based on the days past due. The historical loss rates are adjusted to reflect current and forward-looking information on macroeconomic factors affecting the ability of the customers to settle the receivables.

34.3 Concentration of credit risk

The following table provides information about the exposure to credit risk and expected credit losses for receivables as at 31 December 2023.

	Weighted average loss rate %	Gross carrying amount	Loss allowance
0-30 days (not past due)	1.95	52,204,949	1,020,069
30-60 days	1.36	8,153,821	111,005
61-90 days	18.54	7,153,055	1,326,013
91-120 days	23.44	713,110	167,175
121-180 days	33.12	3,658,377	1,211,667
181-360 days	54.07	8,737,200	4,723,908
More than 360 days past due	59.88	56,453,644	33,806,526
		137,074,156	42,366,363

SAUDI TADAWUL GROUP HOLDING COMPANY (A Saudi Joint Stock Company)

Notes to the Consolidated Financial Statements

For the year ended 31 December 2023

(Saudi Arabian Riyals)

The following table provides information about the exposure to credit risk and expected credit losses for receivables as at 31 December 2022:

	Weighted average loss rate %	Gross carrying amount	Loss allowance
0-30 days (not past due)	5.32	38,500,808	2,047,362
30-60 days	16.61	1,571,384	260,961
61-90 days	17.43	773,297	134,770
91-120 days	15.75	238,742	37,593
121-180 days	30.26	507,197	153,457
181-360 days	25.21	1,573,163	396,595
More than 360 days past due	48.80	47,294,602	23,080,062
		90,459,193	26,110,800

34.4 Operational Risk Management

The Group's objective is to manage operational risk arising from failure of internal and external processes, individuals, systems, or external events. These include issuer operations risks, member operations risks, market operations risks, human resources risks and physical asset risks. To balance the avoidance of financial losses and damage to the Group's reputation with overall cost-effectiveness and to avoid control procedures that restrict initiative and creativity.

In order to manage the Group's Clearing services activities risks, the Group through one of its subsidiaries (Muqassa) has an integrated and comprehensive risk management system and ensures that its risk management framework identifies, measures, monitors and manages the risks that it bears from Clearing Members as well as other key institutions. Group has as a low risk appetite for financial, liquidity, operational, market and credit concentration risk. This appetite helps drive the setting of conservative values when deciding on key measures such as the Default Fund Cover or Investment

Duration. These risk management policies, procedures, systems and controls have been developed to adhere to the CMA's Securities Central Counterparties Regulation as well as align to both CPMI-IOSCO's Principles for Financial Market Infrastructures (PFMIs) and international best practices.

34.5 Liquidity risk

Liquidity risk is the risk that the Group will encounter difficulty in meeting the obligations associated with its financial liabilities that are settled by delivering cash or another financial asset. The Group's approach to managing liquidity is to ensure, as far as possible, that it will always 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.

SAUDI TADAWUL GROUP HOLDING COMPANY (A Saudi Joint Stock Company)

Notes to the Consolidated Financial Statements

For the year ended 31 December 2023

(Saudi Arabian Riyals)

The below schedule shows an analysis of financial assets and liabilities based on the contractual maturities:

	31 December 2023				31 December 2022			
	Carrying amount	Less than 12 months	More than 12 months	Total	Carrying amount	Less than 12 months	More than 12 months	Total
Financial assets at fair value:								
Investments	391,088,818	391,088,818	-	391,088,818	618,569,219	618,569,219	-	618,569,219
Financial assets at amortised cost:								
Investments	269,253,058	-	269,253,058	269,253,058	55,809,077	-	55,809,077	55,809,077
Cash and cash equivalents	2,050,614,074	2,050,614,074	-	2,050,614,074	2,118,826,096	2,118,826,096	-	2,118,826,096
Clearing participant financial assets	3,526,916,817	3,526,916,817	-	3,526,916,817	4,060,678,204	4,060,678,204	-	4,060,678,204
Account receivables	94,707,793	94,707,793	-	94,707,793	64,348,393	64,348,393	-	64,348,393
Accrued operational revenue	7,395,257	7,395,257	-	7,395,257	6,589,018	6,589,018	-	6,589,018
Advance to employees	7,011,127	7,011,127	-	7,011,127	5,020,765	5,020,765	-	5,020,765
Other receivables	20,847,179	20,847,179	-	20,847,179	7,933,818	7,933,818	-	7,933,818
Total financial assets	6,367,834,123	6,098,581,065	269,253,058	6,367,834,123	6,937,774,590	6,881,965,513	55,809,077	6,937,774,590
Financial liabilities at amortised cost								
Borrowings	11,488,042	10,771,522	1,174,355	11,945,877	-	-	-	-
Non-controlling interest put options	175,363,779	-	220,500,000	220,500,000	-	-	-	-
Clearing participant financial liabilities	3,508,060,041	3,508,060,041	-	3,508,060,041	4,050,236,628	4,050,236,628	-	4,050,236,628
Lease liabilities	202,256,755	56,594,257	175,227,111	231,821,368	-	-	-	-
Accounts payable	49,793,406	49,793,406	-	49,793,406	12,467,820	12,467,820	-	12,467,820
Balance due to Capital Market Authority	55,137,969	55,137,969	-	55,137,969	19,375,330	19,375,330	-	19,375,330
Accrued expenses and other current liabilities	300,062,492	300,062,492	-	300,062,492	264,771,975	264,771,975	-	264,771,975
Total financial liabilities	4,302,162,484	3,980,419,687	396,901,466	4,377,321,153	4,346,851,753	4,346,851,753	-	4,346,851,753
Net financial assets	2,065,671,639	2,118,161,378	(127,648,408)	1,990,512,970	2,590,922,837	2,535,113,760	55,809,077	2,590,922,837

SAUDI TADAWUL GROUP HOLDING COMPANY (A Saudi Joint Stock Company)

Notes to the Consolidated Financial Statements

For the year ended 31 December 2023

(Saudi Arabian Riyals)

34.6 Changes in liabilities arising from financing activities

	1 January	Acquisition	Cash flows	Finance cost	New leases	31 December
2023						
Lease liabilities	-	-	(68,834,629)	9,354,023	261,737,361	202,256,755
Borrowings	-	20,743,923	(9,291,691)	35,810	-	11,488,042
	-	20,743,923	(78,126,320)	9,389,833	261,737,361	213,744,797
2022						
Lease liabilities	982,913	-	(12,184,785)	-	11,201,872	-
	982,913	-	(12,184,785)	-	11,201,872	-

34.7 Capital management

The primary objective of the Company's capital management is to ensure that it maintains healthy capital ratios in order to support its business and maximise shareholders' value.

The Company manages its capital structure and makes adjustments to it in light of changes in economic conditions. Equity comprises capital and other reserve and retained earnings, and is measured at SAR 3,129,035,552 as at 31 December 2023 (31 December 2022: SAR 3,179,689,827).

35. 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. Underlying the definition of fair value is the presumption that the Group is a going concern and there is no intention or requirement to curtail materially the scale of its operations or to undertake a transaction on adverse terms.

A financial instrument is regarded as quoted in an active market if quoted prices are readily and regularly available from an exchange dealer, broker, industry group, pricing service, or regulatory agency, and those prices represent

actual and regularly occurring market transactions on an arm's length basis.

When measuring the fair value, the Group uses market observable 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 that can be accessed at the measurement date
- 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 following table shows the carrying amounts and fair values of financial assets and financial liabilities, including their levels in the fair value hierarchy. The fair value of all other / remaining financial assets and financial liabilities not mentioned below approximates to their carrying values.

SAUDI TADAWUL GROUP HOLDING COMPANY (A Saudi Joint Stock Company)

Notes to the Consolidated Financial Statements

For the year ended 31 December 2023

(Saudi Arabian Riyals)

Investments at FVTPL classified as level 2 include units of mutual funds, the fair value of which is determined based on the latest reported net assets value (NAV) as at the date of consolidated statement of financial position.

	31 December 2023				Total fair value
	Carrying Value	Fair value			
		Level 1	Level 2	Level 3	
Investments – at FVTPL					
- Money market funds	269,253,058	-	269,253,058	-	269,253,058
- Real estate funds	-	-	-	-	-
Non-controlling interest put option	175,363,779	-	175,363,779	-	175,363,779

	31 December 2022				Total fair value
	Carrying Value	Fair value			
		Level 1	Level 2	Level 3	
Investments – at FVTPL					
- Money market funds	610,812,003	-	610,812,003	-	610,812,003
- Real estate funds	7,757,216	-	7,757,216	-	7,757,216

There were no transfers between level 1 and level 2 fair value measurements, and no transfers into or out of level 3 fair value measurements as of 31 December 2023 (31 December 2022: Nil).

36. SUBSEQUENT EVENTS

36.1 On 6 Rajab 1445H (corresponding to 18 January 2024), the Group has entered into a binding sale and purchase agreement with DME Holdings Limited and its existing shareholders (including Eagle Commodities Limited, New York Mercantile Exchange, Inc and Tatweer Dubai LLC.) to acquire a 32.6% shareholding in DME Holdings Limited. The Group will invest SAR 107 million (\$28.5 million) by acquiring 32.6% stake in DME Holding Limited representing a combination of new and existing shares. The agreement is subject to a number of pre-closing terms and conditions, including but not limited to obtaining the relevant regulatory approvals outside the Kingdom of Saudi Arabia as well as other conditions of regulatory and commercial nature.

36.2 On 20 Rajab 1445H corresponding to 1 February 2024, Group has obtained Islamic Sharia-compliant banking facilities from Al Rajhi Bank amounting to SAR 500 million with the purpose of financing the group's mergers and acquisitions. This agreement is aligned with the group's strategy, objectives, and ambitious aim of revenue growth and diversification.

36.3 Other than the above mentioned events, there are no other events subsequent to the year which requires disclosure in these consolidated financial statements. There is no event subsequent to the year which required any adjustment in the consolidated financial statements.

SAUDI TADAWUL GROUP HOLDING COMPANY (A Saudi Joint Stock Company)

Notes to the Consolidated Financial Statements

For the year ended 31 December 2023

(Saudi Arabian Riyals)

37. DIVIDENDS

The Board of Directors of the Company in their meeting on 25 February 2023 recommended the General Assembly which approved the distribution of dividends on 10 May 2023 to the shareholders for the fiscal year ended 31 December 2022 with a total amount of SAR 277.2 million, equivalent to SAR 2.31 per share representing 23.1% of the share par value, provided that the dividend eligibility shall be to the Shareholders who own the Company's shares and registered in the Company's register at the Securities Depository Center Company (Edaa) by the end of the second trading day following the date of the Company's General Assembly (the "Eligibility Date"), and the date of the dividend distribution shall be within fifteen days from the Eligibility Date. These dividends were distributed accordingly during the year ended 31 December 2023.

The Board of Directors of the Company in their meeting on 5 March 2022 recommended the General Assembly which approved the distribution of dividends on 12 May 2022 to the shareholders for the fiscal year ended 31 December 2021 with a total amount of SAR 360 million, equivalent to SAR 3 per share representing 30% of the share par value, provided that the dividend eligibility shall be to the Shareholders who own the Company's shares and registered in the Company's register at the Securities Depository Center Company (Edaa) by the end of the second trading day following the date of the Company's General Assembly (the "Eligibility Date"), and the date of the dividend distribution shall be within fifteen days from the Eligibility Date and were distributed accordingly.

On 9 March 2024, the Board of Directors of the Company recommended dividends to the shareholders for the fiscal year ended 31 December 2023 with a total amount of SAR 276,000,000, equivalent to SAR 2.30 per share representing 23% of the share par value subject to the approval of the shareholders in the General Assembly of the Company.

38. BUSINESS COMBINATION

On 17 Shawwal 1444H corresponding to 7 May 2023, the Group acquired 51% of the issued capital of DFN from its shareholders. The acquisition has been accounted for using the acquisition method with the Group being the acquirer and DFN being the acquiree.

The Group is in the process of undertaking a comprehensive purchase price allocation exercise which is expected to be completed within twelve months from the acquisition date. A provisional purchase price allocation has been included in these consolidated financial statements. Subsequent adjustments during the measurement period will occur as the Group completes its estimation of fair values of assets acquired and liabilities assumed. The accounting for the fair value of the acquired DFN financial assets and liabilities is provisional due to the inherent complexity and judgement associated with identifying intangible assets, and determining the fair value of identified intangible assets and on-balance sheet items. The goodwill is primarily attributable to the expected synergies and other benefits from combining the assets and activities of DFN with those of the Group.

During the year ended 31 December 2023, the Group has expensed the acquisition related cost amounting to SAR 444,794 in the general and administrative expenses. Some of the acquisition related cost was incurred and recorded in previous year.

The transaction was funded by internal resources of the Group which will be then be covered by a Sharia compliant bank facility which is in process. Certain conditions relating to the restructuring of the DFN have been moved to post-completion obligations in accordance with the agreement.

From the date of acquisition, DFN has contributed SAR 34 million of operating revenue and SAR 17.7 million loss for the Group. If the acquisition had taken place at the beginning of the year, the DFN's revenue would have been SAR 59.7 million of revenue and the loss after zakat for the year would have been SAR 17.4 million.

SAUDI TADAWUL GROUP HOLDING COMPANY (A Saudi Joint Stock Company)

Notes to the Consolidated Financial Statements

For the year ended 31 December 2023

(Saudi Arabian Riyals)

The following table summarises the recognised amounts of assets acquired and liabilities assumed at the date of acquisition:

	Notes	Fair value as at 7 May 2023
Assets		
Non-current assets		
Property and equipment	4	4,963,191
Intangible assets	5	83,424,788
Capital work-in-progress	5	8,454,236
Right of use asset	7	1,198,121
Total non-current asset		98,040,336
Current assets		
Cash and cash equivalents		6,282,326
Accounts receivable		18,996,663
Other assets		7,202,715
Total current asset		32,481,704
Total assets		130,522,040
Liabilities		
Non-current liabilities		
Employees' end-of-service benefits	15	8,045,493
Long-term borrowings		5,980,002
Deferred revenue	21	12,397,613
Lease liability	14	163,250
Total non-current liabilities		26,586,358
Current liabilities		
Lease liability	14	1,116,368
Current portion of long-term borrowings		14,763,921
Deferred revenue	21	14,546,346
Accounts payable and accrued expenses		28,169,017
Total current liabilities		58,595,652
Total liabilities		85,182,010
Total identifiable net assets		45,340,030
Non-controlling interest's share of identifiable net assets (49%)		22,216,614
Group's share of identifiable net assets (51%)		23,123,415
Provisional goodwill arising on acquisition	5	95,134,585
Purchase consideration		118,258,000
Analysis of cash flows on acquisition:		
Purchase consideration transferred for acquisition of subsidiary		113,921,000
Cash and bank balances of DFN as at 7 May 2023		(6,282,326)
Purchase consideration for acquisition of subsidiary net of cash acquired		107,638,674

SAUDI TADAWUL GROUP HOLDING COMPANY (A Saudi Joint Stock Company)

Notes to the Consolidated Financial Statements

For the year ended 31 December 2023

(Saudi Arabian Riyals)

39. RECLASSIFICATIONS

Certain comparative figures have been reclassified to conform to the current year presentation.

40. APPROVAL OF THE CONSOLIDATED FINANCIAL STATEMENTS

The consolidated financial statements have been approved by the Board of Directors on 28 Sha'ban 1445H corresponding to 9 March 2024.